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NEWS SUMMARY

GENERAL

German kidnap demand studied

Chancellor Schmidt of West Germany assembled his crisis staff in Bonn last night to consider a demand which set terms for the release of Dr. Hanns-Martin Schleyer, 62-year old president of the West German Employers' Industrial Federations, who was kidnapped in Cologne on Monday by terrorists who shot dead his driver and three police guards.

German TV said that the kidnappers had demanded the release of at least 11 jailed comrades. Meanwhile, as police [illegible] Dr. Schleyer's kidnappers, suspects were interrogated.

Kurt Rebmann, West German chief public prosecutor, said he could give no details of the two people detained, but [illegible] investigators had found a [illegible] in Cologne from which [illegible] may have been organised. [illegible] Page. Feature, Page 16

Israel to put peace plan to U.S.

Moshe Dyan, Israeli Foreign Minister, is to present a Middle East peace plan to Mr. Cyrus Vance, U.S. Secretary of State, [illegible] this month, Mr. Menahem Begin, Israeli Prime Minister, said last night. Mr. Begin said he would open with a declaration [illegible] "the state of war between Israel and the Arab states is terminated." Mr. Begin is to visit Britain next month.

Rhodesian ranch staff seized

[illegible] nationalist guerrillas operating from Botswana have kidnapped the 40-strong labour force of a ranch inside Rhodesia, it was stated in Salisbury. [illegible] to deny Botswana allegations that a border village had been bombed. Zambia last night extended its three-day curfew and blackout indefinitely.

Madrid talks

Dr. David Owen, Foreign Secretary, continuing his Madrid visit, called on King Juan Carlos and held talks with Sr. Adolfo Suarez, the Spanish Prime Minister, [illegible] the ice on the dispute over Gibraltar. Page 4

Belfast attack

Two soldiers were injured when [illegible] an armoured car escorting a Post Office van carrying thousands of pounds [illegible] terrorists in the Springfield [illegible] West Belfast, Republican [illegible]

Bhutto in jail

Former Pakistan Prime Minister, Mr. Z. A. Bhutto, who was arrested last week in connection with a political murder, has been moved to jail from a guarded [illegible] villa. Page 5

Lewisham fines

[illegible] men involved in street battles between National Front and Left-wing demonstrators in Lewisham, London, last month were fined a total of [illegible] at Camberwell.

Briefly ...

Mrs. Margaret Thatcher, Conservative Party leader, left London on a nine-day visit to the Far East. Page 10.

National Coal Board has accepted the blame for earth tremors in the Trent Vale area of Stoke-on-Trent.

Bjorn Borg (Sweden), the top seed, retired from his match with [illegible] Stockton (U.S.) when the score was 3—5, 6—4, 1—0 in the U.S. Open Tennis Championships.

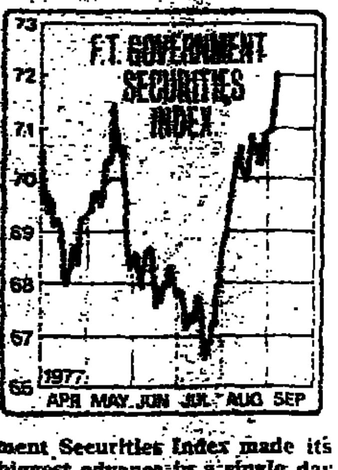
Robert Ellicott, Australian Attorney-General, has resigned. Canada's Finance Minister, Mr. Donald Macdonald, has resigned.

Police with batons dispersed 200 students outside a school in the South African black township of Soweto.

BUSINESS

Gilts rise strongly; equities up 6.3

● MEDIUM and long-dated gilts went ahead strongly on keen demand, with numerous rises of 1½ to 1¾. The FT Government Securities Index made its biggest advance in a single day for over three months, rising 0.90 to 72.11, its highest level since December 1972.



● EQUITIES made further gains in the busiest trade for six months. The FT 30-Share Index closed at 523.5, up 6.3 on the day and 12.4 off its all-time peak.

● STERLING closed unchanged at $1.7412 and its trade-weighted index remained at 62.3. Dollar's trade-weighted depreciation narrowed to 0.57 (0.67) per cent.

● GOLD fell 50c to $147.375.

● WALL STREET rose 0.86 to 872.37.

● [illegible] Stock Exchange resumed normal operations for the first time since Lebanon's civil war began. Page 6. Post-war economic hurdles, Page 6

● JAPANESE Cabinet gave final approval to reflationary measures, but there are doubts about their effectiveness. Page 5

● ITALY has repaid part of the big loan from West Germany, in view of an improvement in its balance of payments. Page 4

Postal unions in row over Board seats

● TUC general secretary Mr. Len Murray has been asked to help settle an argument about distribution of union seats on the Board of the Post Office. Back Page

● BUILDING activity improved slightly in the second quarter of this year, but was still well down on a year ago. Page 10

● SHARP RISE in spending on durable goods helped to boost retail sales in July. Page 10

● MONEY SUPPLY growth may have eased last month in spite of the inflow of funds from abroad. Page 8

● CITY'S financial institutions boosted their net invisible earnings by nearly a third to £1.5bn last year. Page 6

COMPANIES

● BOC INTERNATIONAL plans a one-for-four rights issue at 64p to raise £40m. Page 26 and Lex

● TURNER AND NEWALL pre-tax profit rose 34 per cent. to £26.23m. in the first half. Page 27 and Lex

● RICHARD COSTAIN first-half pre-tax profit rose 52 per cent. to £11.82m. Page 28

● BICC made pre-tax profit of £23.83m. (£20.83m.) in the first half. Page 28 and Lex

● GERMAN company, Portland Zementwerke Heidelberg, has made an $85m. takeover offer for one of the leading U.S. producers, Lehigh Portland Cement. Page 32

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Treas. 13pc 1993	£110½	+ 1⅛
[illegible]ed. Leisure	200	+ 10
[illegible]own Shipley	185	+ 22
[illegible]rpets Intnl.	74	+ 8
[illegible]arringtons Ind'l.	86	+ 10
[illegible]le Electric	225	+ 15
[illegible]ings	110	+ 10
[illegible] Le Roux	600	+ 38
[illegible]mbee Combex	460	+ 40
[illegible]	93	+ 8
[illegible]oil Eng.	262	+ 17
[illegible]mbro Life	217	+ 15
[illegible]	425	+ 6
[illegible]	122	+ 12
[illegible] Timber	92	+ 12
[illegible]ction Transport	72	+ 12
P & O Dfd.	135	+ 7
Parker Knoll A	155	+ 15
Peachey Property	64	+ 13
Pearl Assurance	240	+ 18
Pilkington Bros.	488	+ 18
Portals	278	+ 18
Racal Electronics	234	+ 14
Union Discount	410	+ 17
Youghal Carpets	62	+ 6
BP	922	+ 8
Elandsrand	360	+ 20
Messina	130	+ 8
MIM	255	+ 7
RTZ	232	+ 10
Union Crp.	245	+ 10
Unisel	164	+ 14

FALLS

Treas. Variable '81	£97⅞	[illegible]
BICC	[illegible]	[illegible]
Redfearn Nat. Glass	226	[illegible]
Thomson Org.	395	− 20
Oil Expln.	390	− 17

Hint to TUC of reflationary measures this autumn

Callaghan warning over confrontation

BY CHRISTIAN TYLER, LABOUR EDITOR, IN BLACKPOOL

MR. JAMES CALLAGHAN scored an unexpected success at the Trades Union Congress here yesterday on the eve of the economic debate and in front of an audience containing many rank and file trade unionists deeply hostile to the Government's wages policy.

Mr. Callaghan's message, delivered in simple and tough language, was that whatever the unions decide to-day about the 12-month rule, the Government would not be deflected from its responsibility to check inflation.

He thanked the unions for their help in voluntarily restraining wage rises for the past two years and asked them to see the need for continued moderation, despite the TUC's refusal to be drawn into a Phase Three pay policy.

He warned delegates that if co-operation between the unions and the Labour Government withered away and there was confrontation over pay both sides would be the losers in a General Election.

Mr. Callaghan hinted that there could be reflationary measures this autumn, but that reflation would not be "just a pre-election sprint to try to deceive the electorate." There should be a steady rate of expansion before and after a General Election.

His speech was punctuated by some heckling, especially about prices and jobs. At one point he went too far for the delegates when he accused them of stampeding through the 12-months rule during the inflationary wage and prices spiral of 1974-75.

The applause at the end, however, showed that even if he had not entirely won the argument, he had won respect for the honesty with which he presented it. A majority—but not all the 1,100 delegates—rose to their feet, but the ovation was slow in materialising.

It was noticeable that the Prime Minister scarcely mentioned unemployment, which could to-day prompt some of the most heated debate.

For many in the audience yesterday the expected endorsement to-day of the 12-months rule is merely academic. They do not expect or intend that it should be rigidly stuck to because of the many wage anomalies created by the two years of strict control.

Mr. Callaghan said that the 12-months rule, although not obviously a [illegible] against [illegible] would be a big help and [illegible] be upheld in the interests of the unions' own members.

To a shout of "You won't get it," he said: "In that case I won't suffer, you will suffer"—a sally that did not go down well.

Referring to the Chancellor of the Exchequer's target of keeping the increase in the national wage bill to 10 per cent. over the next 12 months, he said that if it was achieved it would be a big improvement.

But he added: "In my position as trustee of the country I'm not saying that I would be satisfied with that inflation rate of 10 per cent. when we have to sell our goods abroad."

The unions had shown maturity and self-discipline on wages. "I would have liked a third year and all right, I am told it's not on. But other things are not on either."

Recovery

It was the end of a period of falling living standards, the Prime Minister said. He asked the unions in effect not to punish the Government for the delay in economic recovery, which was not their fault but caused by pressures on sterling.

Mr. Callaghan stayed on to hear some of the afternoon's debate and last night was dining [illegible]

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Call to support Grunwick fight

After a short and comparative low-key debate on the Grunwick dispute, Congress unanimously carried an emergency resolution condemning the company's refusal to act on the court of inquiry's recommendations. The resolution called on all TUC unions to intensify their help to the Grunwick workers on strike for union recognition.

Imported cars take 50% of August sales

BY STUART ALEXANDER

IMPORTED CARS took more than 50 per cent. of the British market for the first time in August.

A shortage of home-produced vehicles, caused partly by industrial disputes, coincided with heavy sales at the start of S registrations and importers had a good supply of vehicles to meet demand.

Imports of vehicles built in Europe by the four main British manufacturers—including the Ford Granada, the Vauxhall Cavalier, Leyland's Allegro and Chrysler's Alpine—accounted for more than 10 per cent. of total sales and pushed the final import figure to 50.76 per cent.

The position could become worse in September as the effect of the Lucas strike further reduces Leyland's ability to meet its supplies' demands.

Ford has already forecast that both August and September would be poor months in terms of its market share because of the Dunn Dagenham strike and the annual three-week close-down which followed in July/August, preventing the company from building up stocks.

August has, for the last four years, seen a sharp jump in the importers' share of the market because sales to private motorists rather than fleet operators play a large part in total sales.

The 50.76 per cent. figure nevertheless came as a setback to the home producers whose mood was summed up by a Leyland spokesman who said he was "shocked and dismayed".

Datsun was the leading importer and came fourth in the manufacturers sales league. Its 16,917 sale gave it 8.44 per cent. of the total market of 200,110.

The company has already announced that it will have to keep a tight rein on supplies to retailers now in order not to break an agreement made in January by the British and Japanese industries whereby Japan would limit exports to the U.K.

A team from the Society of Motor Manufacturers and Traders was due to begin a second round of talks with their Japanese counterparts in Tokyo yesterday. They are concerned that the Japanese may now be seeking to compensate for restrictions on car sales with boosted sales of vans, trucks and eventually heavy lorries.

Of the other foreign car importers only Fiat with 5.9 per cent improved its market share compared with August last year, when total imports went above 40 per cent. for the first time at 40.66 per cent.

Both Renault at 4.7 per cent. and Volkswagen at 3.9 per cent. were slightly down on last August, but volume sales will have increased as the total market was more than 10 per cent. bigger than in August last year.

British Leyland retained market leadership with 25.28 per cent.

Ford took second place with 15.04 per cent. — more than a quarter imported — with Vauxhall third (9.14 per cent.) followed by Datsun, Chrysler (5.98 per cent.), Fiat, Renault and VW/Audi.

Leyland claimed that importers had been able to market their cars more aggressively because of good supply, but some dealers said there was growing customer loyalty for foreign cars with, in some cases, a willingness to wait for delivery.

● Car production in August rose nearly 17 per cent. compared with August 1976, according to figures issued yesterday by the Department of Industry. Commercial vehicle production went up by 32 per cent.

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Leyland Special Products' profits up Page 10

Power cut fears not realised

By David Churchill, Labour Staff

THE UNOFFICIAL power station workers strike, which is due to end at 10 p.m. to-night, had only a limited impact on electricity supplies yesterday. Many areas had minor voltage reductions but there were no reported power cuts as had been feared before the strike began.

Last night the Electricity Council was "cautiously optimistic" about maintaining electricity supplies to-day if consumers continued to economise on electricity.

Support for the strike from workers at 40 of Britain's 170 power stations was less than had been expected by leaders of the unofficial shop stewards committee, based in Yorkshire, which had called the strike in support of a £6 increase in shift pay and improved fringe benefits.

Most of the support from workers came as expected from the Midlands and North. Three major Yorkshire coal-fired power stations, out of a total of 11 throughout Britain, were stopped by the strike. They were at Eggborough, Drax, and Ferrybridge "C." Also closed was the smaller Thorpe Marsh station in Yorkshire.

The nuclear power station at Trawsfynydd, North Wales, was also not operating yesterday.

In the Midlands, ten power stations were badly hit by the strike.

Precise figures of the number of workers joining the strike were not available last night, the Electricity Council said. But the limited effects meant that most workers in the industry were working normally.

Healey to meet CBI on unions' pay verdict

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE FUTURE of the Government's plans for pay restraint will be discussed by Mr. Denis Healey, Chancellor of the Exchequer, and senior CBI leaders to-night only a few hours after the TUC is scheduled to decide its policy on the 12-month rule for pay settlements.

If the rule is backed by a significant majority, Mr. Healey will talk to the CBI leaders about how the policy can be maintained through the winter. This will include the future of the Government's strategy of discriminating in its allocation of Government business and aid against companies which break the overall pay limits.

But if the rule is defeated or is only approved by a slender majority, the CBI leaders will want to know whether the Government believes its present policy would retain any credibility or whether it would have to be replaced by new arrangements in the next few weeks.

The talks will take place at a private dinner party being given by the CBI for Mr. Healey and Mr. Roy Hattersley, Prices Secretary, as one of an occasional series of informal meetings it arranges with representatives of the Government and the TUC.

The CBI team will be led by Mr. John Methven, director general, along with Mr. John Greenborough, president-elect; Lord Plowden of Tube Investments, Mr. Terry Beckett, of Ford Motor, and Sir Adrian Cadbury, of Cadbury Schweppes.

Pay policy is the main subject expected to be discussed. The CBI leaders will tell Mr. Healey that during the past few weeks management negotiators have gained a new confidence in their ability to withstand some of the inflationary claims they have been receiving. But they know that this confidence will quickly evaporate unless the 12-month rule is approved to-day.

The CBI has set up a pay data bank at its London headquarters and has been told by its members about claims lodged, covering some 2.5m. workers. Many of these call for total increases of 25 to 30 per cent. or more.

With both unions and employers waiting for to-day's TUC debate, managements have found it relatively easy to dismiss such claims as ludicrously unrealistic.

Partly because of this, settlements covering only 150,000 workers have been reported to the CBI, and most of these have been for 10 per cent. or less.

The Government hopes that its target for an overall increase in earnings of not more than 10 per cent.—which means settlements of around 5 to 6 per cent.—will gain new credibility if the 12-month rule is approved. But the CBI leaders will tell the Chancellor that there is no chance of this line being held unless the Government sets an example in public sector negotiations.

The CBI may also be cautiously critical of the way the Government is bolstering up its pay targets, by refusing Government aid and contracts to companies which it discovers breaking either its 12-month or 10 per cent. targets.

CBI leaders will debate this matter further at their monthly council meeting in two weeks' time. What they are sure to say to-night, however, is that while they might not object too much to the penalising of companies which make high settlements without any attempt to resist union claims, they would not want companies which are forced to pay up after withstanding long strikes to be hit as well.

An idea raised recently by Mr. Michael Heseltine, Conservative environment spokesman, that the Government's list of penalised companies might be published may also be discussed.

Mr. Healey told Mr. Heseltine in a letter on Monday that he is prepared to consider this and it seems likely that the Government will be prepared to publish a list if it comes under sufficient pressure. However, some industrialists may not like the idea of an official "black list" being broadcast.

£ in New York

	September 6	Previous
Spot	$1.7415-7417	$1.7411-7420
1 month	0.15-0.12 dis	0.11-0.07 dis
3 months	0.65-0.60 dis	0.45-0.41 dis
12 months	2.75-2.60 dis	2.55-2.45 dis

Allied £11.8m. bid for Peachey

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

SIR ERIC MILLER is believed to have sold his personal and family shareholdings in Peachey Property Corporation for more than £500,000, providing the springboard for an £11.8m. surprise takeover bid from Allied London Properties.

Allied's 55p a share cash offer has already been rejected as "totally inadequate" by Lord Mais, Peachey's chairman. As the market anticipates a strong defence, Peachey's shares gained 10p on the news, closing 9p above the offer price at 64p. Allied's shares were unmoved at 73p.

Mr. Morris Leigh, Allied's chairman, explaining the offer, says that Peachey "has a portfolio that we feel we can manage better." The bid has been under consideration for some time.

But Hill Samuel, Allied's financial advisers, confirmed yesterday that the 6.3 per cent. share stake in Peachey, that forms the base of the bid, has only been acquired over the past two weeks.

Mr. Leigh was unwilling "to confirm or deny" that 1m. of the group's 1.35m. shares come from the personal and family holdings of Sir Eric Miller, Peachey's former chairman and managing director.

But the Peachey board believes that Sir Eric, who was dismissed from the board at last May's annual meeting, has disposed of his holdings in the group.

Peachey has two notable takeover experts to direct its bid defence. Mr. Charles Ball, chairman of Barclays Merchant Bank, and Mr John Brown, former managing director of Artagen Properties. On Monday, Mr Brown was appointed to take over as Peachey's managing director from October 1. Mr. Ball, who announced his resignation from Barclays last week, is to continue as Peachey's adviser while he works out his notice at the bank.

Mr Ball yesterday described Allied's offer as "a non-starter." But he does not rule out the possibility of further bid approaches.

Speculative shareholdings have been built-up in Peachey over the past year in anticipation of a bid. Mr. Ball said: "I would be very surprised if Allied proved to be the only hat in the ring."

Allied's offer may affect Peachey's plans to publish the results of a complete revaluation of its commercial and residential properties early next month.

But Mr. Ball points out that, in the circumstances, the group's valuers have been asked "to get their skates on."

While Lord Mais will not be drawn into making an estimate of current net assets, he does say that "an offer of 55p is absurd."

In its half year statement last month, Peachey, which reported a pre-tax loss for the six months of £2.55m. after a £2.6m. exceptional provision, re-affirmed the view that its last property revaluation in March, 1975 was "still conservative."

On that basis the group's £33m. portfolio supports net assets per share "in excess of £1."

Allied, a property investment, housing and land development group, which includes the Sterling Homes housebuilding business, turned in pre-tax profits of £831,000 in 1976.

The group, which is 61 per cent. controlled by the Leigh family, recently sold the first phase of its town centre development in Hounslow for £7.1m. Hill Samuel says that the group currently holds cash balances of more than £5m.

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FEATURES

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LOMBARD

At last, a chance of realism

BY ANTHONY HARRIS

IT IS CLEARLY a very risky business to welcome any new proposals on inflation accounting before the details are known: but the latest indications from Mr. Douglas Morpeth about his new proposed standards are so promising that the temptation to welcome them in advance is irresistible. He seems at last to have met the main criticisms of those who have objected to the Sandilands proposals from the start, as well as those raised against his own ill-fated Exposure Draft 18. There is something sensible and workable at last.

Briefly, Mr. Morpeth promises to make his new measures objective by using indices wherever possible to adjust historic to current values—indices which are already appearing from the Department of Industry. No difficulty there. He has also promised to take account of the falling value of money as well as of the rising money value of other things through a gearing formula—a fundamental change which was essential if we were to have accounts which would fairly reflect the performance of companies of every kind. He is also to offer a simplified, rough-and-ready standard for small businesses—an essential if they were to join in the game at all. If he is as good as his promises, he deserves the kind of welcome reserved for prodigal sons.

Sensible

To have arrived at these sensible conclusions in exactly two years after the publication of the Sandilands Report will probably seem in the eye of history quite a creditable achievement. It is admittedly nearly a year longer than the Sandilands Committee took to arrive at its own conclusions: but then Sandilands started with a white sheet.

The unfortunate Mr. Morpeth was given the task of implementing the impracticable report they produced; it is possible that he had to push those proposals to the point where both working accountants and finance directors were provoked into rebellion before he could tear up his own terms of reference and produce something sensible. It is a rather Alice in Wonderland way of going about things, but it seems at length to have worked.

Unfortunately it will be well over four years after the original initiative by Mr. Anthony Barber and Mr. Peter Walker before a practicable standard is adopted—and the feeling of ancient history which those names arouse is an indication of how much has happened since. It is something near a tragedy that we have not in that time had even a system of supplementary statements to accounts which might have warned Mr. Healey on taking office how near he was to bankrupting the whole private sector, and which might subsequently have shown finance directors that the real returns on investment are better than they suppose, while at the same time showing trade union negotiators that much of the *current* improvement in profits is pure money illusion. We have not yet finished paying the price for unrealistic accounts.

It would be tedious to try to apportion blame for this state of affairs, but there are surely some lessons to be learned. Sandilands achieved the unusual double of being both too airy-fairy in adopting the theoretically impeccable but practically difficult concept of "value to the business" for the valuation of assets—the root of many subsequent problems—and too down-to-earth in refusing to recognise the vital importance of adjusting monetary as well as real items in the accounts.

Both feet

The problems were identified virtually at once by critics ranging from stockbrokers—Martin Gibbs of Phillips and Drew goes high on the roll of honour—to the banks, some working finance directors, such academics as Professor Charles Kennedy and Professor D. R. Myddleton, and journalists including the present Ambassador to Washington.

In spite of this very mixed reception the authorities jumped in with both feet to endorse Sandilands as it stood. This entrapped Mr. Morpeth in his unfortunate terms of reference; and the role of the Bank of England, which is surely meant to represent the legitimate interests of financial institutions, as the dog that did not bark does it no credit at all.

Officials may well have thought they were putting a stop to theoretical wrangling and clearing the way for practical action. Because they did not bother to master the theory, they in fact delayed an important practical advance by two years or more. The readers who have spotted the correlation between a large accounting profession and a poor economic performance have had their views endorsed for the time being.

Let us hope that Morpeth Mark II will before long prove them wrong.

GARDENS TO-DAY

Making good the loss of millions of elms

BY ROBIN LANE FOX

NINE MILLION elm trees are believed to have died from Dutch elm disease by May this year. It would be difficult to drive in a southern county without thinking that the total by now must be half as high again. Dorset, Wiltshire, Oxfordshire and Worcestershire look out on landscapes which will not recover within a generation, if at all. Of all this country's calamities, it is likely to be the least reversible.

For most of the former owners of our hedgerow trees are not too concerned if they disappear. The shift from stock to crop farming has given farmers a free hand with hedges and tiresome shade. While the beetle clears out the elms they can make a clean sweep and take out the hedges beneath them. Before the trees died, leaving whole areas to a hardly credible winter landscape, we were already well on the way to the destruction of our famous landscape.

Now, there cannot be more than two winters and a reasonable harvest before the prairie takes over from many more hedges and trees. The farmer's worry is how to cut the elms down cheaply, rather than how best to replace them. It is backed by a theory which I believe to be a myth.

Felled elms, it is said, will throw up shoots from their stumps, as indeed they always do. These are not troubled by the beetles and so, goes the story, they will grow up free from the disease. I cannot see why the beetle's indifference to a shoot as thin as a man's finger suggests that it will not return as soon as the shoot becomes a branch or a trunk. Those who intend to sit back and allow their elms to take care of their own future are merely using an argument for doing nothing.

Replanting

There would, I think, be a strong case for putting compulsory preservation orders on hedges, in the interests of wild life, and somehow bribing farmers into replacing the nation's trees. But, as always, these compulsions will only be useful if there is a will to work with them. At a time of great concern for the ruin of the landscape by housing and public works, we are in danger of being remembered as the age who looked in the wrong direction.

Ploughing is creeping up the sides of our downs, removing a balance of turf and flora which is one of the oldest and most beautiful features in the country. Those who protest that hedges are only a recent consequence of the socially inexcusable Enclosure Acts forget that before the hedges, rough grassland was the rule, not the exception, and this supported the birds, butterflies and plants which our prairies throw out.

If you think this is too gloomy, consider the death of Oxfordshire's Otmoor, a particularly telling example as it was at the centre of two national campaigns in the early 1970s, one against a reservoir, another against a wanton extension of the M40 motorway. Each was delayed, though not because the ground was an area of exceptional interest to naturalists and to migrating March and water birds.

While the battles were fought in the press, the fields changed hands to prairie-farmers, resident elsewhere. Hedges were ripped out and the sedge was drained. By the time the public fate of this historic landscape had been delayed, it had been privately destroyed. The wild life went with it, after four centuries of recorded residence.

Those who plead economics as the cause argue as if farming was the one industry which could do what it pleased with the oldest and most sensitive asset in the country. What, though, can gardeners do? Replant their own elms, of course, and also, as you write to tell me, use their knowledge and interest to force their parishes into a local scheme for replanting. The approach road to several villages have been replanted already by such local effort, even in cases where the owner of the land was faced with a present of a dozen trees from his neighbour's pockets and felt obliged to accept. By bringing the vast store of gardeners' wisdom out from behind the garden wall, it *is* possible to improve, not merely replace, the balance of trees which the country communities, at least, into their surrounding farms.

I would stress three points before you set out to raise a pound of two from the neighbours. The first is a matter of choice. Avoid the sycamore as it may well be the next tree to fall to a general disease and is being anxiously watched by tree-surgeons. Beech is still a buy, as its serious sickness this year is almost certainly due to the exceptional droughts. We are losing thousands of beech-trees, but we have not lost the beech, I think, as a tree for the future.

The second point will not need to be stressed to prudent FT readers. Do not risk everything on one variety of tree. Spread the gamble on the future. Poplars, whitebeam, horse-chestnut (the double flowered one has no tiresome conkers), plane, Tree of Heaven and ash are as yet under no serious suspicion. There are scare stories about the oak, but it can hardly be omitted.

In sheltered sites, I would urge more use of the quick-growing Tulip Tree, best bought as a small pot-grown specimen. Its leaf, spread and yellow autumn colours are outstanding. Sheltered areas on acid soil could try the upright Liquidambar instead, another gloriously fast fine tree. Where the wind is not too savage, use the "sugar" Maple, *Acer Saccharinum*, for very fast results. It is a pretty tree, reaching a sappy 12 feet or so within five years.

My third point concerns cost. Three pounds is still par for a decent standard tree of a sound, ordinary hedgerow or mass garden variety. Do not despair at the price tags of £6 or so in garden centres which meet the impulse buyer's and the small man's needs. A nursery like James Smith of Tansley, Matlock, Derbyshire, supplies both local authorities and private gardeners with sound ordinary stock at the trade price.

Marvellous

Some other nurseries, such as R. V. Roger of Pickering, Yorkshire, sell young stock of the quick varieties, not least the brightly-twigged Willows and the marvellous Silver Poplar, a tree which we should all use more often. At £1 or less per tree, these offers are excellent for the conscientious replanter or the man who cares about the future of his farm.

A £50 fund from the residents would soon see a village over this ghastly decade for its trees. Gardeners can show the way through a calamity which threatens to play into our farmers' improvident fashion.

Legal immunity protest

THE IMMUNITY of Crown employers against prosecution over working conditions was attacked yesterday by Mr. Bill Simpson, chairman of the Health and Safety Commission.

Mr. Simpson told a conference at Llandudno that it was wrong that Crown authorities—such as Government departments and employers acting on behalf of the Crown—were not subject to the same legal sanctions that applied to other employers if they broke the law.

The Commission recognised there were difficulties but had asked for a meeting with Ministers to discuss what could be done.

TENNIS

BY JOHN BARRETT

Miss Wade reaches U.S. quarter final

NEW YORK, Sept. 6.

WIMBLEDON CHAMPION Virginia Wade reached the quarter-finals of the U.S. Open Championships at Forest Hills to-day by defeating the American Wightman Cup player Mona Guerrant 7—5, 6—4. Once again, Miss Wade was in tentative form for much of the 85-minute match.

In the first set she dropped service in the 7th game to go 3—4 down to the 8th-ranked American but broke back to level at 5—5. When Miss Guerrant served again the British girl captured her service once more to win the first set after 47 gruelling minutes in hot and humid weather.

When Miss Wade swept to a 3—0 lead at the start of the 2nd set a quick kill looked likely but Miss Guerrant, her right elbow strapped against an injury which kept her out of much of this year's tournament circuit, battled back gamely. Again she achieved a service break in the 7th game, at which Miss Wade remonstrated with herself: "Gee whizz, move your feet."

But 4—4 was as far as the American got. Miss Wade held her service comfortably and won the match in spectacular style, capturing her opponent's serve to love with a smash, a backhand pass, a Guerrant forehand error and finally a crisp and unreachable backhand volley.

Guillermo Vilas, the Argentinian left-hander, extended his astonishing winning streak on clay courts to 43 matches when he defeated Spain's Jose Higueras 6—3, 6—1 last night to reach the quarter-finals of the men's event.

Vilas, who won the French title at the beginning of June, lost to Billy Martin on the grass of Wimbledon. Since then the 25-year-old Vilas has embarked on an all-conquering run which has brought him six tournament victories.

Vilas, the 4th seed, is highly popular at Forest Hills and it was proved in vigorous fashion when the tournament organisers attempted to move back the Vilas-Higueras match from the afternoon to the evening programme because the centre court was running late.

Separate tickets are sold for the evening sessions under lights and when they [illegible] that they were losing the opportunity of watching Vilas, a crowd of almost 13,000 [illegible]

They refused to leave the stadium so that it could be cleared and cleaned for the evening session. Chanting "we won't go" they pelted the [illegible] with fruit, plastic cups and debris.

At a hastily convened meeting tournament officials decided to play the match at once, at which stage the weather intervened. A shower delayed the start for a further half hour. When the players finally went on court it was past 7 p.m.

Once he was in action the cyclone Vilas wasted little time against the Spanish No. 1. He won in 80 minutes, sweeping 16 of the last 21 points.

The giant-killing run of 18-year-old John McEnroe, who has since reached the semi-finals at Wimbledon, came to an abrupt end in the 4th round to-day when he was beaten 6—2, 6—3 by Spain's Manuel Orantes, the 2nd seed.

RACING

BY DOMINIC WIGAN

Solinus to beat Sexton Blake

THE FIELD for this afternoon's Laurent Perrier Champagne Stakes at Doncaster does not appear to contain a runner of anything approaching the calibre of last year's outstanding winner, J. O. Tobin. Nevertheless, it could throw some light on the outcome of next year's 2,000 Guineas.

The two who interest me most in to-day's line-up are the Vincent O'Brien-trained Irish challenger Solinus and Barry Hills' Sexton Blake.

Solinus, a strong bay son of that promising sire Comedy of Errors, out of Cawston's Clown—possibly the fastest juvenile in Europe a few seasons back—has won each of his three races in the style of a high-class two-year-old.

The eight-length winner of a maiden event at Leopardstown on his debut, Solinus then proceeded to make short work of some second-rate opposition headed by Sharpen Your Eye in Royal Ascot's Coventry Stakes before running away with the Curragh's Anglesey Stakes.

His performance in the Group Three Anglesey Stakes was particularly praiseworthy. In command from the outset, Solinus forged ahead after half way to pass the post six lengths clear of the well-thought-of Embee Twist to whom he was conceding 7 lb.

Sexton Blake, who had to forgo a tilt at the Curragh's National Stakes on Saturday due to travelling problems, also won

DONCASTER
2.00—Windy Sea
2.30—Nearly A Hand
3.05—Solinus
3.25—Sockburn
4.05—Destiny Girl
4.35—King of Macedon***
5.05—Lady Oriana*
HAMILTON
3.15—Sounding Brass
4.15—Mabar
4.45—Sweet Shop
SALISBURY
2.45—Ravensbourne
3.45—Dasman**
4.15—Knock Wood
4.45—Soft Pedal

his last race, Newcastle's Seaton Delavel, in the style of a good two-year-old.

Shaken up a quarter-of-a-mile from home at Gosforth Park, the South Bank colt quickly established his superiority over the newcomer, Labienus, to whom he was giving 4 lb. The [illegible] with an easy success over [illegible] field on Newmarket's [illegible] Course.

It is interesting that trainer, Clive Brittain, thought it worthwhile to [illegible] Sexton Blake again on [illegible] terms.

In what promises to be [illegible] day's most informative [illegible] find it difficult to over[illegible] claims of Solinus who, [illegible] will be at prohibitive odds.

Willie Carson, who [illegible] for Ernie Johnson on Sexton Blake, has collected several likely-looking mounts [illegible] King of Macedon in the [illegible] borough Stakes.

Although this stable-mate Dick Hern's three St. [illegible] runners, Dunfermline (Car[illegible]), Tobique (Mercer) [illegible] Gregarious (Bond), will [illegible] Scarcely Blessed a formi[illegible] rival, he should have [illegible] measure on their running [illegible] Goodwood's King George St[illegible]

The lightly-raced Lady O[illegible] should seal a profitable [illegible] noon for the former cham[illegible] with a clear-cut success [illegible] moderate opponents in [illegible] Devonshire Stakes.

TV/Radio

BBC 1

† Indicates programme in black and white.

6.40 a.m. Open University (UHF only). 12.45 p.m. News. 1.00 Pebble Mill. 1.45 Trumpton. 4.18 Regional News for England (except London). 4.20 Play School (as BBC 2 11 a.m.). 4.45 Ask Aspel. 5.10 Rocky O'Rourke. 5.35 Barbapapa.
5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide from Wales.
6.50 It's A Championship Knock-out.
8.05 Secret Army.
9.00 News.
9.25 Medical Story.
10.00 To-night.
11.40 The Sky at Night.
11.50 Regional News.

All regions as BBC 1 except at the following times:

Wales—1.45-2.00 p.m. Mr. Benn. 5.10-5.35 Bilidowcar. 5.55-6.20 Wales To-day. 6.50 Heddiw. 7.15 Her Nodiant. †7.45-8.05 Laurel and Hardy in "Any Old Port." 12.05 a.m. News and Weather for Wales.

Scotland—5.55-6.20 p.m. Reporting Scotland. 12.05 a.m. News and Weather for Scotland.

Northern Ireland—4.18-4.20 p.m. Northern Ireland News. 5.55-6.20 Scene Around Six. 12.05 a.m. News and Weather for Northern Ireland.

England—5.55-6.20 p.m. Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands To-day (Birmingham); Points West (Bristol); South To-day (Southampton); Spotlight South West (Plymouth).

BBC 2

TRADES UNION CONGRESS: "live" coverage of key debates at 9.30 a.m., 11.50 and 2.15 p.m.
6.40 a.m. Open University.
10.05 Nai Zindagi Naya Jeevan.
11.00 Play School.
11.25 Open University.
1.55 p.m. Open University.
4.55 News on 2 Headlines.
7.05 Mr. Smith's Fruit Garden.
7.30 News on 2.
7.40 Tammy.
9.05 Brass Tacks.
9.50 The German Lesson.
10.55 Arena: Edinburgh Festival.
11.35 Late News on 2.
11.45 Closedown: David Markham reads "Semi-detached" by Robert Graves.

LONDON

9.30 a.m. Summer School. 10.15 Adventures of Rupert Bear. 10.25 Hickory House. 10.40 Trades Union Congress. 12.30 p.m. Tell Me Another. 1.00 News plus FT index. 1.20 Felix The Cat. 1.30 Crown Court. 2.00 Good Afternoon. 2.25 Trades Union Congress. 4.20 Marc. 4.45 The Paper Lads. 5.15 Emmerdale Farm.
5.45 News.
6.00 Get Out And Push.
6.20 Cartoon Time.
6.35 Crossroads.
7.00 The Krypton Factor.
7.30 Coronation Street.
8.00 The Benny Hill Show.
9.00 Whicker's World. Anchorage, Alaska.
10.00 News.
10.30 Mid-week Match: England v Switzerland.
11.30 Darts: The Evo-Stik Golden Tournament.
12.00 Power Without Glory.
12.55 a.m. Close: Patricia Kneale reads a poem by Monica Furlong.

All IBA regions as London except at the following times:

ANGLIA
1.25 p.m. Anglia News. 2.00 Houseparty. 5.15 Mr. and Mrs. 6.00 About Anglia. 11.30 Gibbsville. 12.25 a.m. The Big Question.

ATV
1.20 p.m. ATV Newsdesk. 5.15 Gambit. 6.00 ATV Today plus Police Five and Junior Police Five. 11.30 Police Woman.

BORDER
1.20 p.m. Border News. 2.00 Houseparty. 5.15 Dynomutt Dog Wonder. 6.00 Border News and Lookaround. 11.30 Fireside Theatre. 12.00 Border News Summary.

CHANNEL
1.18 p.m. Channel Lunchtime News. What's On. 6.00 Channel News. 6.10 Batman. 10.28 Channel Late News. 12.35 News and Weather in French followed by Epilogue.

GRAMPIAN
9.25 a.m. First Thing. 1.20 p.m. Grampian News Headlines. 6.00 Grampian To-day. 6.30 Star Maidens. 11.30 Police Woman. 12.25 [illegible] (documentary). 12.55 a.m. Reflections.

GRANADA
1.20 p.m. This Is Your Right. 5.10 This Is Your Right. 5.15 Crossroads. 6.00 Granada Reports. 6.30 The Squirrels. 11.30 Fireside Theatre.

HTV
1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 2.00 Houseparty. 5.15 Dodo the Space Kid. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 This Sporting Land. 11.30 Rush.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion Y Dydd. 4.20 Miri Mawr. 4.30-4.45 Un Tro. 6.00-6.15 Y Dydd.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.15-6.30 Report West.

SCOTTISH
11.25 a.m. News Headlines and Road Report. 2.00 Houseparty. 5.15 Take Kerr. 5.20 Crossroads. 6.00 Scotland To-day. 6.30 The Mary Tyler Moore Show. 10.30 Scotsport Special: Football—East Germany v. Scotland (highlights). 11.30 Late Call. 11.35 TV Movie—Madigan.

SOUTHERN
1.20 p.m. Southern News. 2.00 Houseparty. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Day By Day. Wednesday Extra. 11.30 Southern News Extra. 11.40 In Concert: Peter Straker.

TYNE TEES
9.25 a.m. North East News Headlines followed by Starting Point. 1.20 p.m. North East News and Lookaround. 2.00 Women Only. 5.15 Happy Days. 6.00 Northern Life. 11.30 Police Woman. 12.30 a.m. Epilogue.

ULSTER
1.20 p.m. Lunchtime. 4.18 Ulster News Headlines. 5.15 The Lost Islands. 6.00 Ulster Television News. 6.05 Crossroads. 6.30 Reports. 11.30 Executive Suite. 12.25 a.m. Bedtime.

WESTWARD
12.26 p.m. Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 5.15 Happy Days. 6.00 Westward Diary. 10.28 Westward Late News. 11.55 Faith for Life.

YORKSHIRE
1.20 p.m. Calendar News. 5.15 Gambit. 6.00 Calendar (Emley Moor and Belmont editions). 11.30 The Collaborators.

RADIO 1 247m
(S) Stereophonic broadcast
6.00 a.m. As Radio 2. 7.02 Noel Edmonds. 9.00 Tony Blackburn. 12.00 Paul Burnett including 12.30 p.m. Newsbeat. 2.02 David Hamilton [illegible]

RADIO 2 1,500m and VHF
[illegible]

RADIO 4
434m, 330m, 285m and VHF
[illegible]

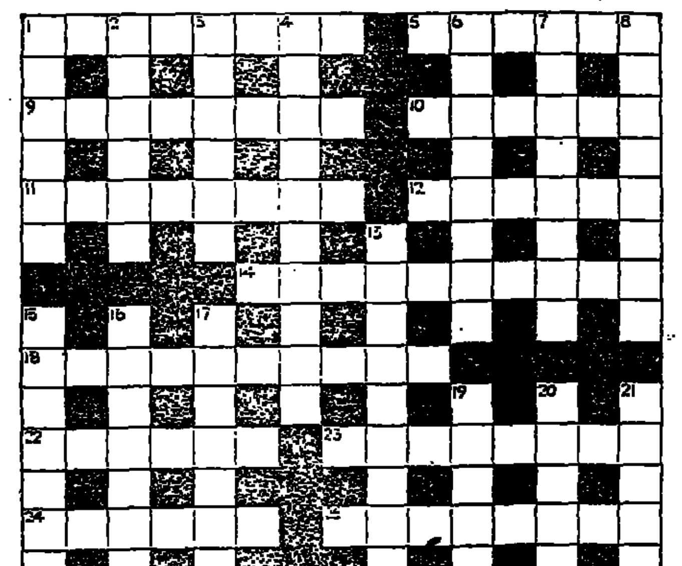
RADIO 3 464m, Stereo & VHF
[illegible]

BBC Radio London
206m and 94.9 VHF
[illegible]

London Broadcasting
261m and 97.3 VHF
[illegible]

Capital Radio
194m and 95.8 VHF
[illegible]

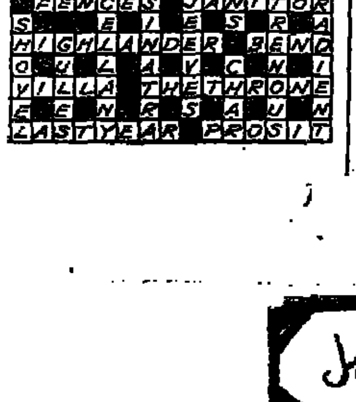
F.T. CROSSWORD PUZZLE No. 3,460



ACROSS
1 Surrounded by school playground noise (6, 2)
5 Assessor for a narrow boy (6)
9 Check that the others take shower (8)
10 Revolutionary chap inside to hold for further inquiry (6)
11 Anti-Government agitation in paper published for southerners (8)
12 Expeditionary force to which everything is to happen (6)
14 Poet finds goal boring to study (4, 6)
18 Mislays heavenly creature inside foreign city (3, 7)
22 Hunter following drink (6)
23 Kiss larger than usual copper in the small hours (8)
24 Club porter allows rotter to depart (6)
25 Company deficit a student finds very large (8)
26 Patrol another kind of entry (6)
27 Soldiers keep score in mind (8)

DOWN
1 Cherry makes church come to life again (6)
2 Leg at Lords is lawfully positioned at Highbury (8)
3 Mistakes are uncommonly rare—thanks (6)
4 I enter Welshman as architect (5, 5)
6 Changing here to an opening bid (3, 5)
7 Leaves container on part of golf course for drivers over 24 we hear (3, 5)
8 Suggestive cardinal ought to get over pre-Easter period (8)
13 Emphasise it must be less than twenty (10)
15 Bird perched capitally on judge's head (8)
16 Wightman one may accuse falsely (8)
17 Plant for cooking heavenly article (8)
19 Upset when expelled (3, 3)
20 Slave of Virginia's and Sarah (6)
21 You don't say about a friend (6)

SOLUTION TO PUZZLE No. 3,459



هكذا امتد الأصل

Lyceum Theatre, Edinburgh

The Belle of Amherst

by MICHAEL COVENEY

Julie Harris, making her British stage debut, comes equably forward to give us a recipe for black cake. She tells us she is Emily Dickinson, a self-conscious eccentric living in her father's house in Amherst, Massachusetts. This likeable woman in White is surrounded by a desk, a couple of arm chairs and a clavichord on top of which rest portraits of Emily's family. The year is 1883 and Emily has about three years to live. Fishing about in her box among the poems she has secretly written and half-finished, she tells us about her father, her sister Vinny; her first critic and "preceptor," Thomas Higginson of the Atlantic Monthly; and her unattainable spiritual lover, Charles Wadsworth, a married clergyman.

Peeping at life through net curtains did not limit Emily Dickinson's view of the world any more than it did Jane Austen's. The verbal and rhythmic brilliance of the poetry ("My metre is experimental, spasmodic" she tells Higginson) springs from an eerily intuitive response to the Universe, writ in microcosm on her doorstep. I am not convinced by William Luce's play that that private, mysterious contact between Emily Dickinson and her interpretative imagery of Beauty, Soul, Death or even just a Bee, is the stuff of theatre. There is a sort of flabby arbitrariness in the way one poem lurches into another, one anecdote collides with a lighting change and little nuggets of homey wisdom fleck the level decorum of it all.

If the vehicle is a disappointment, its occupant is not. Miss Harris has long held a high reputation on Broadway as an actress of authority and versatility. We know her here from films such as *East of Eden* and *I Am a Camera*, but to see her on stage for the first time is a revelation. She has a superb vocal technique, quite devoid of mannerism as it swoons mellifluously from a sweet, clear upper register to a honeyed mezzo which is, you feel, her strongest level.

The performance, beautifully sustained for two hours, is an effortless exhibition of tact and good taste, every gesture and inflexion perfectly weighted for maximum effect. She inhabits her stage world with complete assurance and if, at the end, the mystery of Emily Dickinson remains locked in her poetry, the art of Miss Harris has been abundantly demonstrated. *The Bell of Amherst* opens at the Phoenix Theatre, London, next week.

The Entertainment Guide is on Page 29

Julie Harris

Book Review

The Player-Critics by B. A. YOUNG

Shakespeare Revolution. J. L. Styan. Cambridge University Press, £6.50. 292 pages

While pundits like Samuel Johnson applied themselves to the interpretation of Shakespeare's writing, for 200 years the stage was content to offer mangled versions with rewritten endings, songs and pageants introduced ad lib, scenery of such Tennysonly magnificence that cuts and transpositions were made to avoid scene-changes. Only when scholars arrived who were themselves involved with the theatres did such absurdity begin to diminish. This is the Shakespeare Revolution of Professor Styan's book — the revolution of the actor-scholars who criticised the plays as theatre material not library literature.

The Revolution is not done yet. There are still directors who wilfully exchange the order of scenes, rewrite texts, introduce extraneous pageantry. The [illegible] to period authenticity has been stronger in the musical world, where the proper ornamentation of an aria, the correct instrumentation of a baroque concerto, are meticulously sought for. Yet it is almost a century since William Poel put on his "Elizabethan" *Hamlet* and began the drive for authentic Shakespeare.

He was mistaken over a good deal. He thought he should dress his productions in Elizabethan costume, something quite irrelevant, and he had odd ideas about the "tunes" for the speech, which Ben Iden Payne [illegible] is about in his autobiography. But he did two vital things: he realised that Shakespeare's plays should be played on an Elizabethan-shaped theatre, and he attacked the current oratorical style of speaking the verse. Harley Granville-Barker is the [illegible] of the Shakespeare Revolution. He realised that to [illegible] the effect the Elizabethans knew it was no good mocking up a facsimile. So he used simple permanent sets, dialogue spoken *almost conversationally* in the manner of our own century, asides and soliloquies addressed to the house from downstage on a platform stage, which was an apron built over the orchestra pit in a proscenium theatre. The whole load of pictorial illusion was thrown out.

Sir Tyrone Guthrie was a natural corollary to Granville-Barker. His methods were similar, but he was no longer content to play at Elizabethan playhouses in Victorian theatres. The theatre he and Tanya Moiseiwitsch designed for Stratford, Ontario in 1953, with its true platform stage, upstage balcony and 220-degree arc of surrounding seats, has given birth to a whole new generation of open theatres; and they have proved as handy for drama of later periods as for Shakespeare.

Professor Styan does not plead a cause in his book; he records a progress, chiefly by means of quotation from current commentaries. Incidentally, he (and his publisher) must be congratulated not only on having found so many apt pictures — there are photos of all Granville-Barker's productions at the Savoy in 1912-14 — but for having inserted them in the right places in the text.

The progress, it seems to me, stops at Guthrie, or rather it branches out into a delta of various streams for want of anywhere special to go to. Professor Styan has cast his net widely (though I was surprised to find William Gaskill's Royal Court *Macbeth* relegated to a footnote referring to Jan Kott) and concludes with a chapter on Peter Brook, whose *Dream* was the ne plus ultra of non-representational Shakespearean production (Did it perhaps go too far? Can you really attend to verse spoken by an actor who is spinning a plate on a rod?) But in fact nothing that has happened since the opening of the Stratford, Ontario theatre has indicated any significant new track in directional style.

Brook's *Dream* made a fundamentally visual point that resembles Barry Jackson's *Hamlet* in plus-fours (and that was no different, when you come to think of it, from Burbage's *Hamlet* in doublet-and-hose). Gaskill's *Macbeth* in a porridge-coloured prison-cell, which I was driven to underrate partly through the miscasting of Simone Signoret as Lady Macbeth, was another experimental reference to the Elizabethan stage. Fashionable influences come and go, Kott one season, Artaud the next. When another big change comes it must be the result of a big change in our way of living. Expensive picture-book Shakespeare was for 'pop' audiences who wanted entertainment without culture; [illegible] and inflation in the [illegible] duction were sure to kill it off sooner or later, especially when aided by radio, cinema and television.

What the next change will be is anyone's guess. I foresee increased austerity and increased variety of invention within acceptably scholarly bounds (for all directors are scholars now). We may be reduced literally to Brook's "empty space" for our playhouses and be none the worse. No doubt we shall have more electronic [illegible] of sound and holograph images, when scenery is called for, but these are but the trappings and the suits of production.

The first Shakespeare Revolution took place between 1642 and the Restoration, when the Jacobean houses were closed down and then replaced with the Frenchified style imported by the court of Charles II. If there ever was a good reason for ensuring that our theatre should be maintained in more or less its present form, there is one.

'The Trojans' at Covent Garden

The Royal Opera House announces that, because it has not yet been possible to reach a satisfactory agreement with Equity over the chorus contract for the 1977-78 season, which has resulted in lost rehearsal time, the Royal Opera will now perform only the second part of *The Trojans* (*The Trojans at Carthage*) on September 21, 24, 27, 30 and October 3, 5 and 8.

The Royal Opera House believes that it is better to concentrate solely on *The Trojans at Carthage* and thereby ensure that it is prepared and rehearsed to the highest possible standard. *The Trojans at Carthage* will be given virtually complete, and will include the Prelude that Berlioz specially wrote for performances that omitted the first part (*The Siege of Troy*).

The performances will now start at 7.30 p.m., finishing at about 10.30 p.m. Seat prices will be reduced and the relevant refunds will be made on the performance evening at the Opera House, or subsequently by post on presentation of the ticket counterfoil.

Festival Hall

Scheherazade by CLEMENT CRISP

In his memoirs, Mikhail Fokine wrote of *Scheherazade's* "love and passion, guilt, treachery and anger, grief and desperation." Brave words, but what we see to-day with this extraordinary relic from 1910, is a turnip-ghost of eroticism, a piece as vicious and shocking as Dorian Gray's portrait drawn by Mabel Lucie Attwell. Festival Ballet are showing it this week as curtain-raiser to a very middle-brow programme—though there is nothing wrong in that—and on Monday night it looked ludicrous. It survives, I suppose, because of the Bakst designs, which are still magnificent as examples of glorious colour and cunningly wrought sexual fantasy in costume; but how unbelievably do Festival's artists wear them! The ballet looks even flimsier than it need because, save for Dudley von Loggenburg as the Golden Slave, no one on stage seems to take inspiration from the opulence of their clothes, or carry them with anything but an unconvinced and apologetic air.

The dancers are in no wise helped by what is credited as Fokine's choreography "reproduced by Nicholas Beriosoff." That is as may be, just as the Festival Hall may be the Taj Mahal. But much of the quality that Fokine ascribed to his choreography, its stylisation, its avoidance of cliché gesture, can be looked for in vain. Fokine's "majestic" Zobeide was "remarkable for giving powerful impressions by the most economical means. Everything was expressed with one single pose," and we see to-day nothing but fuss and petulance. The Golden Slave was said to Nijinsky because of his "lack of masculinity" and there is none of this sexual ambiguity in Dudley von Loggenburg's blaze of energy and powerful virility.

What Festival Ballet offers is determinedly common-place, Brummagem orientalism lacking even the merit of conviction. If there is a funnier piece of theatre in London than the dainty stabbing of the Chief Eunuch by three boys with curved daggers and winsome expressions, I should like to see it. If *Scheherazade* is to survive other than as a preposterously rouged phantom, it needs to be restudied, and most carefully cast: one can imagine what Plisetskaya would bring to Zobeide.

The performance of *Graduation Ball* on Monday night's programme was also more well-intentioned than well-conceived. Short on charm, and on girls able to win a [illegible] competition, it was long on vivacity of the most unrelenting and vulgar kind. The importance of the staging was in Patrice Bart's appearance as The Drummer, the best interpretation I have seen since Nicolas Orlov, its great creator, and bright with the right sort of elegant bravura.

Television

Good news from Edinburgh

by CHRIS DUNKLEY

In the contagious euphoria to which specialist professional conferences are prone, it was easy at the end of last week to feel that the Edinburgh International Television Festival was turning out to be a brilliant success and might well mark a turning point in the history of British television.

During a historic because unprecedented meeting to discuss censorship on the penultimate day Shaun Sutton, head of BBC drama, not only did himself and the BBC a great deal of good by facing a hostile audience as the honest broker, but actually promised that Howard Schuman's four year old play *Censored Scenes From King Kong* could now be screened.

Better late than never: it is a funny, stylish and inventive work in which every scene seems to contain the seeds from which a whole episode of Schuman's *Rock Follies* was later to grow.

Though the festival did not have as many previews as some of us might have wished, we did see the first episode of Scottish Television's *The Prime of Miss Jean Brodie* which — I was surprised to find—does not stick to the book but extends (reportedly with Muriel Spark's blessing) into a [illegible] looks lustrous, and the [illegible] played by Geraldine McEwan seems quite strong enough to support the expansion.

Dennis Potter's banned BBC play *Brimstone and Treacle* was shown, and greeted with such undiluted admiration that we witnessed the bizarre and brave sight of Jeremy Isaacs, programme controller of Thames Television, calling successfully for a [illegible] in the name of the festival [illegible] to his counterpart at the BBC urging a public showing.

In the [illegible] vortex of the festival it all seemed tremendously [illegible] encouraging and [illegible]. But once away from the [illegible] of the Royal College of Physicians (technically part of the adjoining BBC for the duration) back in a London feeling boringly flat after the literal and figurative crags and valleys of Edinburgh, one starts to wonder. . . .

A year ago as a sort of adjunct to the Edinburgh Film Festival, a retrospective was shown of the work of the late James MacTaggart, a television producer/director whose work such as *Up The Junction*, the *Nigel Barton* plays, and *Candide* earned him an unequalled reputation for his combination of vision, ability and criminality.

The retrospective was accompanied by the first "MacTaggart Memorial Lecture" delivered by John McGrath, a former colleague of MacTaggart and himself author of *The Cheviot The Stag And The Black Oil* and other superb examples of non-naturalism. The effect of that lecture, called "The Case Against Naturalism," was quite extraordinary: though relatively few people actually heard it, it became and remained the prime talking point in television drama departments and among serious commentators for months.

So this year an ad hoc committee called together by Gus MacDonald of Granada Television and Lynda Miles, organiser of the Film Festival, planned a rather more elaborate occasion.

The idea (at any rate as I understood it as a committee member who managed to attend only the first four or five meetings) was to attract not just the academic theorists who monopolise so many television festivals, but the people who actually make programmes.

To the surprise of many this worked. It is true that the Marxists, structuralists, feminists, semiologists, gay liberationists, and sociologists who produce "the new criticism" were at Edinburgh in impressive numbers. From power bases in the British Film Institute, the Edinburgh Film Festival itself, and the polytechnics, the proponents of this new criticism have in the last few years been developing a dense and arcane theory of film which, it seems, they are now ready to apply to television.

Old fashioned liberal humanist critics concerned with entertainment, pleasure, and so on, could hardly be expected to welcome this sort of heavy stuff. Yet it is possible to see a useful role *for it as a counterweight to the* conventional anti-intellectual attitude of "I don't have to theorize, I know what I like" (*meaning I know what you like*) which permeates so much of television at management level.

As Gus MacDonald said on the opening night, introducing Marcel Ophuls, this year's MacTaggart lecturer: "There's nothing that embarrasses a set of pragmatic English executives in television more than a theory being unveiled. You could unzip your fly with less embarrassment than you could unveil a theory in front of them."

The great thing was that in addition to the theorists numerous practitioners did turn up, and it was eye-opening and hopeful to find the theorists, and the middle management people, and the producers from ITV and the BBC sitting side by side and joining in the same discussions. And it seemed hopeful, too, that in the afternoon viewings, cautious producers, traditionally quick on the draw with a budget sheet or a ratings breakdown proving that expensive popular rubbish is the only practical form of television, were seeing the sort of radically different programmes which some American networks have now started transmitting.

Few things on earth are more cautious than an American television network, yet—as we saw —*Mary Hartman, Mary Hartman* is a wickedly funny soap opera parody. It features as heroine a young suburban housewife who can barely tear her attention away from the worrying "waxy yellow buildup" on her kitchen floor to hear about the latest exploits of the Fernewood Flasher (who turns out to be her own grandfather).

All That Glitters, also from America, is another satire on the "soaps," this time using reversal of the sex roles as the jumping off point.

Last week I drew attention to the failure of British television in the seventies to develop or even sustain the movement towards new forms, new techniques, even new attitudes which had been proceeding so excitingly and so productively for a short time in the sixties. The arrival of *All That Glitters* and *Mary Hartman* from America sharpens the point: 10 years ago the traffic was all the other way, with the Americans begging for more British series like *Till Death* and *Steptoe* to copy for their own viewers. Now they have leapfrogged well ahead.

(Nor is there any guarantee, even after the highly successful screenings in Edinburgh, that *All That Glitters* and *Mary Hartman* will be accepted as suitable for general British viewing, though it would be incredible if they were still held to be entirely unsuitable even for BBC2 some time soon.)

The propagandists of the left, of course, will see these programmes as sheer commercial opportunism—transvestites riding a bandwagon—the money men of the networks borrowing radical clothes to turn a quick penny, simultaneously draining the radical message of any power it had. This will only serve to confirm their darkest conspiracy theories.

Which brings us back to the original point: that a few days of hindsight introduce the worrying feeling that perhaps—like television itself—conferences of this sort serve only to reinforce preconceptions and prejudices.

The programme makers exhibited a uniform hostility to the new criticism, and the new critics rarely bothered to veil their contempt for programme makers and their programmes. They joined in the same discussions, but nobody on either side declared a change of mind. There were no Damascus Road conversions.

Yet in the end that hardly seems surprising, and the meeting can ultimately be seen as important in itself: even if heads of drama don't go back to their departments and promptly start commissioning 13-part non-naturalistic series about taking over ownership of the means of production, they have been made personally aware of a sharply critical body of thought.

An if the new critics are forced by the ridiculing of their jargon to pay even passing heed to the bad habit of inventing new words to avoid the discipline of using clear English, that, too, will be useful. Television commentary could do with a few marauding radicals to keep mainstream criticism on its toes—if only it is possible to understand what the marauders are saying.

Above all, Edinburgh does seem to have been accepted by all—BBC and ITV, critics and practitioners, censors and censored—as neutral territory. That could turn out historically to be the most valuable principle established last week. It may even be a turning point. A decade or so should tell.

Julie Covington, Michael Feast, Peter Straker and Beth Porter in 'Censored Scenes from King Kong'

Albert Hall/Radio 3

Murray Perahia

The partnership of Murray Perahia as pianist-conductor and the English Chamber Orchestra has reached a degree of closeness that now affords music-making of great polish and poise, closely organised in coordination of detail, closely organised in scale of dynamics and blend of tone. Tuesday's Prom in which the forces joined for two Mozart piano concertos, a relatively early member of the series and then the last of all, and for the Haydn *Trauer* Symphony (No. 44), reaped the rewards of such intimacy in moments of wonderful beauty—of solo playing softly sustained and balanced against the orchestra in a manner quite uncommon with modern pianos and modern strings; of (in the symphony) sweetness in the motives allied to coaxing refinement of phrasing all too rarely lavished on a composer still so often carelessly pushed on at the start of concerts.

And yet, for the first time in my experience of Perahia's playing, I found myself wishing for greater muscle, greater robustness, and a less continual reliance on dreamy pianissimo gently floating along the melodic lines. The wish was strongest during the slow movements of both concertos. The Andante of the A major, K414 (which had opened the concert), was a less calmly serious utterance than it can be when less daintily shaped; and the great, dangerously bare E flat Larghetto of the B flat, K595 (which ended it), contrived to sound decorative and tasteful in its repetitions in a way surely unintended by the creator.

The many kinds of music so passionately and powerfully forged in Haydn's ceaselessly inventive E minor Symphony were restrained, with a conducting hand of fine courtliness and decorum, into one kind of music, so that the fiery drama of contrasts was underplayed. As an interlude between Classical works, the second half began with the early, charmingly copious E flat Serenade for 13 wind instruments of Richard Strauss, firmly turned by the ECO Wind Ensemble, and (after a tentative start) helpfully controlled by the conductor, Christopher Nicholls.

MAX LOPPERT

EUROPEAN NEWS

Leaked Bonn study gives warning on larger EEC

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT BRUSSELS, Sept. 6.

FRESH EVIDENCE has emerged that Bonn is likely to take a tough attitude towards demands by France and Italy for EEC concessions to protect their Mediterranean farmers from competition by prospective new Community members like Greece, Portugal and Spain.

An internal West German Government study, details of which have leaked out here, warns that unless these demands are resisted, EEC enlargement will cause still larger surpluses of products like wine and olive oil and a further sharp increase in the Community's agricultural spending, most of which Bonn fears it would be called on to finance.

The analysis is intended as a working paper and does not constitute a policy document. But it is expected to influence the thinking of senior members of the Bonn Government, many of whom have recently displayed increasing awareness of the practical problems raised by the admission of new EEC members.

While the paper concludes that the agricultural consequences of enlargement will, on balance, be to Germany's disadvantage, it accepts that solutions to these problems must be sought. It suggests that Government attention should be concentrated on how to limit the degree of disruption.

In an attempt to quantify the cost of enlargement, the paper makes the hypothetical assumption that Greece, Portugal and Spain all became full EEC members from the start of last year. It estimates the net additional cost to the EEC agriculture budget at 633m. units of account (about £410m.) last year and more than 1bn. ua in 1980.

These figures are considered highly conservative in some quarters in Bonn, and the predictive value of such calculations is most doubtful because of uncertainties about future EEC agriculture policies and farming yields, and because they do not allow for transition periods for the new members.

The report recognises that competition from new members will mean hardships for producers of fruit and vegetables in Southern France and Italy. But it rejects protective measures, such as stronger EEC price guarantees for these products, for which the Governments of these two countries have been pressing.

If anything, it suggests that EEC aid to production of surplus products like wine and olive oil should be cut back, but it acknowledges that such measures would be unacceptable to France and Italy and that attempts to impose them before Greece is admitted to the EEC could block the whole enlargement process.

Nonetheless, it recommends that the adjustment of farm prices in the new member countries to the higher EEC levels should be made as gradual as possible by insisting on lengthy transition periods. This would, of course, intensify the price competition feared by France and Italy.

The study foresees a number of other difficulties arising from enlargement, notably the danger that the applicant countries, once inside the EEC, will make common cause with France and Italy to strengthen the Mediterranean bias of the Common Agricultural Policy. This could greatly complicate Farm Ministers' Councils.

The market for agricultural imports in a bigger Community would be significantly diminished. This could lead to protests from other Mediterranean countries with which the EEC has agreements such as Turkey, which might demand increased financial aid in compensation.

Finally, EEC enlargement would further jeopardise progress towards common economic and monetary policies and would involve sizeable aid to the new members from the Community's regional and social funds as well as the guidance section of the agricultural budget.

Draft S. Africa code drawn up

BY OUR OWN CORRESPONDENT BRUSSELS, Sept. 6.

A DRAFT code of conduct for the South African subsidiaries of European companies, similar in many respects to the one introduced in Britain several years ago, was agreed here to-day by senior officials of EEC Foreign Ministries.

No decisions were taken, however, on any additional measures to apply direct economic pressure on South Africa to modify its apartheid system. Many EEC Governments, including the British, are wary of adopting any radical policies which could prove difficult to enforce and believe the question needs further careful study.

The draft code of conduct, first proposed by the U.K. Foreign Secretary, Dr. David Owen, in Brussels last June, will be submitted to EEC Foreign Ministers when they meet here on September 18 and 19 and is expected to win their formal approval. It will then be circulated to the European companies concerned.

The code is purely advisory and will have no statutory force, partly because of the difficulty of imposing external guidelines on companies subject to South African law. But it is hoped that it will create a psychological incentive for employers to improve the wages and working conditions of their black African staff.

Companies will be urged to allow their black employees to join unions of their choice, to ensure that minimum wages cover basic human needs and to provide better fringe benefits and opportunities for the promotion of black staff. The code calls on employees to avoid discrimination and segregation at work and condemns the exploitation of migrant African labour.

Companies will be asked to report periodically on how they have observed the code, so that its effectiveness can be monitored by governments of the Nine.

There is a strong desire among EEC Governments to have the code ready early in the coming session of the United Nations General Assembly, where they are anxious to contain efforts which may be made by some black African Governments to vote through much more far-reaching economic sanctions against South Africa.

In the view of most EEC Governments, there is little more that they can do to put pressure on South Africa economically in the immediate future. The possibility of cutting off export credits to South Africa, raising EEC tariffs against its exports or limiting new investments there, has been discussed in working groups, but such steps are generally considered impracticable, for the moment at least.

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Montefibre rescue plan inadequate, say French

By David Curry

PARIS, Sept. 6.

THE FRENCH government has decided to turn the attempt of the Italian Montedison company to close down the synthetic fibre plant operated by Montefibre, its textile subsidiary, in the Vosges into a diplomatic issue with Italy.

At the summons of the French Prime Minister, M. Raymond Barre, the Italian Ambassador to Paris was to-day meeting the French Foreign Minister, M. Louis de Guiringaud, and the Minister of Labour, M. Christian Beullac to be told that the Italian company's "rescue" plan for its Montefibre factory was unsatisfactory.

The summons came hard on the heels of an acrimonious meeting between the management and the workforce at the Saint-Nabord plant, at which the managing director complained that he had been virtually imprisoned by the workers demanding the delivery of fuel to enable the heavily loss-making plant to keep operating.

The company wants to dismiss around 600 of the workforce. Normally such dismissals for economic reasons would qualify for payments of some 90 per cent. of former salary to those affected, but the public authorities on the spot are apparently withholding their consent to this step. A further 438 workers would be maintained on a 30 hour week, keeping polypropylene and nylon production ticking over while the polymerisation plant would be run down.

The unions have dismissed the plan as unacceptable, while the company would clearly prefer to get out of the Montefibre investment by selling all but a small minority share in the plant. But with the European artificial fibre market so depressed, there are no willing saviours for the Vosges plant, which is partly a victim of Montefibre's re-organisation of its production into larger units.

The Italian government holds a 20 per cent. stake in Montedison, and Paris, which is increasingly worried about the persistence of record unemployment as next March's general election approaches, is trying to persuade the Italian government to put pressure on Montedison to preserve jobs in France at such a critical time. The Vosges has lost more than 23,000 textile jobs over the past two decades.

Italy repays Bundesbank loan as its economy grows stronger

BY PAUL BETTS ROME, Sept. 6.

ITALY HAS paid back on schedule $500m. to the Bundesbank. This represents the first tranche of a $2bn. gold-backed loan, granted to Italy by West Germany in September 1974 and renewed last year, the Italian Treasury said.

Italy's decision to pay back the $500m. reflects an improvement in the balance of payments and a sizeable increase in available reserves.

Earlier this summer, the Italian authorities repaid on schedule $825m. to the International Monetary Fund for a 1974 credit, in sharp contrast to the protracted negotiations for a new $530m. loan granted to Italy in April.

The Italian decision to repay part of the West German loan will reduce proportionately the gold collateral required by the West German authorities.

Last September monetary problems prompted the Italian authorities to renew the Bundesbank gold-backed loan with collateral of 16.6m. ounces, just over 20 per cent. of Italy's gold reserves.

But because of the sharp decline in the gold price at the time, the Bundesbank renewed only $1.5bn. of the 1974 loan, leaving the original gold collateral unchanged. The Bank of Italy repaid the outstanding $500m. but the Bundesbank agreed to relend this sum should Italy require it, providing that Italy increased the gold collateral.

However, the recovery of the gold market since the end of the year led the Bundesbank to pay the increased value of the collateral to the Bank of Italy, bringing the loan back to the original total of $2bn.

Italy still faces fundamental problems, despite the significant improvement in its short-term economic outlook. The heavy debts of most semi-state companies and many private companies are high on the list.

The Italian main trade union confederation has, in effect, organised a general strike in Milan on Friday against threatened layoffs in major industrial sectors.

The Italian authorities are considering measures to boost ailing industrial production and the troubled financial structures of many companies, such as issuing equities for sale to banking consortia which, in better economic times, would resell on the open market. Another proposal is to set up investment trusts and trustee companies, particularly to help smaller companies.

The Italian Government has already introduced since the summer recess several reductions on withholding taxes on dividends, and a cut in the discount rate with a subsequent reduction in the prime rate. It has given greater powers to the National Commission on Companies and the Bourse, Consob, in an attempt to revive Italy's stagnant capital market.

Barre considers election tactics

BY ROBERT MAUTHNER PARIS, Sept. 6.

M. RAYMOND BARRE, the French Prime Minister, who has lately been much more active on the economic than on the political front, to-day began consultations with leaders of the Government coalition parties on their joint tactics for the campaign leading up to next spring's general election.

The Prime Minister's move followed the final adoption by four of the coalition parties yesterday of a joint election manifesto. But it remains uncertain to what extent the Gaullist leader, M. Jacques Chirac, will allow M. Barre to play the political co-ordinating role, which has been assigned to him by President Giscard d'Estaing.

Though no more than a catalogue of general principles, which paper over the differences between the four parties on detailed policies, the election manifesto does mark a timely turning point in their relations after the in-fighting of the past year.

It gives the perhaps spurious impression that they have been able to sink their differences at the very moment that the opposition Socialist and Communist Parties are engaged in a bitter civil war of their own.

Most of the emphasis in the 12-page document, which has been extensively leaked before its official publication, is on the crucial choice facing the voters at the next election between a free and "collectivist" society.

"No compromise is possible," the manifesto says, adding that the real issue at stake is the freedom of the French people, who would not allow themselves to be hoodwinked by "the suicidal demagoguery" of the Left's common programme.

After its castigation of the Left, the rest of the manifesto makes less than inspiring reading and it may well be asked whether it is really designed to wean any voters away from the Left which, in spite of its quarrels, is still given 54 per cent. of the popular vote in the latest public opinion poll.

Greece plans 5% growth

BY OUR OWN CORRESPONDENT SALONICA, Sept. 6.

THE GREEK economy will grow an estimated 5 per cent. this year. This compares with the 7 per cent. annual average in the 1976/80 five-year plan but is still two per cent. above the expected EEC average this year.

The two-point difference is considered "necessary if Greece is to catch up with the more economically advanced members of the Community of which it hopes to become the tenth member within two years."

According to Mr. Panayotis Papaligouras, the Minister of Co-ordination, speaking at the 42nd Salonica International Trade Fair, inflation will exceed the Government's planned 11 per cent level due mainly to external factors. It will probably be closer to 15 per cent.

Mr. Papaligouras said the balance of payments deficit in January-July reached $817m. ($807m. in the first seven months of 1976), but an increase in earnings from tourism (up 35.4 per cent. in January-July) and shipping (up 31.2 per cent.) will help keep the year's total deficit at the 1976 level of just over $1bn.

Moscow offers Airbus talks

MOSCOW, Sept. 6.

THE SOVIET Union has offered to start talks with French authorities seeking to introduce the European Airbus on the Paris-Moscow service, the official Tass news agency said. It added that the Soviet Government denied banning the aircraft from its airports.

Last week French Transport Minister Marcel Cavaille said Moscow had turned down France's bid to introduce the 250-seat Airbus on a Paris-Moscow service.

Reuter

Owen trip brings Spain, U.K. closer

By Diana Smith

MADRID, Sept. 6.

ON A visit to Madrid in a new era of ...-minded Anglo-Spanish relations, Dr. David Owen, the British Foreign Secretary, has pressed full support for Spain's EEC membership application, adopted a delicate approach to the Gibraltar issue and spoke optimistically about the future of bilateral trade relations.

Dr. Owen, who held a working session yesterday with Sr. Marcelino Oreja, the Spanish Foreign Minister, to-day made courtesy calls on King Juan Carlos and Sr. Adolfo Suarez, the Prime Minister. It is understood no formal moves on the Gibraltar issue, and Britain's claim to sovereignty over the Rock, were taken during the various discussions. What is clear is that both parties are showing a new sensitivity and flexibility on the issue which indicate better prospects for a solution.

In a speech last night Dr. Owen said he was under no illusions about the difficulties and sensitivities of the dispute over Gibraltar. But, he said, his talks with Sr. Oreja had improved bilateral relations so that it would be possible to extend that spirit of understanding to the Gibraltar issue so that, together with the people of Gibraltar, a solution satisfactory to the parties could be developed.

Dr. Owen also said that Spain's formal application for membership of the EEC in July had been warmly welcomed in the U.K. The British Government, he said, would do everything possible to bring closer the day when Spain can become a full member of the EEC. It has been made clear during Dr. Owen's two-day visit that British support for Spanish EEC membership does not hinge on the Gibraltar question.

In a speech prepared for delivery to-night to the British Chamber of Commerce in Madrid, Dr. Owen expressed optimism about the future of Anglo-Spanish trade relations.

Saying that Anglo-Spanish trade had more than doubled in the past four years and had buoyant prospects, Dr. Owen welcomed Spanish involvement in banking, wine and liquor sectors in the U.K. However, he also hoped that Spain would alter her regulations on foreign banks and insurance companies so that Britain could participate here.

There are signs that by the next year Spain will lift the ban on full operations of foreign banks, although appropriate regulations have not been drawn up.

FRENCH FOREIGN POLICY

Somersaulting over Africa

BY ROBERT MAUTHNER IN PARIS

FRENCH foreign policy has lately been turning some uncharacteristic somersaults. Many would say it was high time; for it has long been apparent that French policies in the two areas currently subject to an agonising reappraisal—Africa and disarmament—have been painfully inconsistent. What is astonishing is the time it has taken the Government to realise that its policies were losing the country more friends and influence than it could afford.

It is hardly surprising that this change of course was not effected without some blows to French pride. During his recent tour of English-speaking East Africa, a region that France has long neglected and ignored, the French Foreign Minister, M. Louis de Guiringaud, was jostled on his arrival at Dar es Salaam airport by a group of hostile Tanzanian students, urging France to get out of Africa and stop arming South Africa.

Whether M. de Guiringaud over-reacted in cutting short his visit to Tanzania before he had even had time to have talks with its leaders, is a matter of judgment. A stiff upper lip might have been a better reaction, though it is arguable that French public opinion is more impressed by Gaullist bravado than by "grinning and bearing it" when La Patrie is villified.

It was unfortunate that the immediate target of Tanzanian hostility should have been M. de Guiringaud, who, thanks to his long experience as United Nations representative, is certainly much more aware of and sympathetic to the Third World's problems than other members of the French government. But the incident did wonders to wake up French public opinion. A host of commentators, whose knowledge of Africa was previously confined to the under-populated and generally docile former French west and central African colonies, suddenly discovered a whole new continent.

Clearly embarrassed by the gaps he had discovered in the much-vaunted French educational system, M. de Guiringaud himself felt obliged to give a geography lesson to the French people in a radio interview on his return from East Africa. "We must realise," he said, "that most of Africa is not French-speaking and the close friends of France, as we tend to believe all too easily. It is English-speaking."

After this revelation, there followed a mass of details about the large population of Nigeria, "the British colony of Rhodesia" which is still dominated by a white minority, and the influence of the American and British media in the continent, which "remain silent about the considerable Anglo-Saxon interests in Africa and point their finger at little France which sells arms to South Africa."

With a new subject, the teacher must no doubt start with the basic facts; but one would have wished that the French foreign minister had also drawn the attention of his class to the great influence of French political and economic interests in other parts of Africa, to say nothing of that of the government-controlled French news agency.

The hostility towards France of the "front-line" African states is not difficult to explain and is certainly not all due to biased reporting by the "Anglo-Saxon media." For many years France supplied South Africa with a large proportion of its arms, including Mirage fighter-bombers, military transport aircraft, helicopters, tactical missiles, submarines, and other warships.

French policy towards South Africa, it is true, has been progressively modified over the past two years. In August 1975, President Giscard d'Estaing announced a partial arms embargo, covering all military aircraft and land equipment which could be used for internal police operations, but excluding naval equipment. It was not until the end of last year, following sharp criticism of France by the non-aligned states at the Colombo conference the previous summer, that the embargo was extended to naval equipment, except for orders for two 1,200-ton submarines and some other vessels already in the pipeline.

But by then the damage had been done. Thanks to numerous licensing agreements, South Africa is now producing Mirage F-1 interceptors as well as a substantial quantity of other French military equipment.

Where the African states are on much shakier ground is in their accusations that France is helping South Africa to produce the atomic bomb. French indignation on this score is understandable, given the fact that France has done no more than conclude a contract with South Africa for the supply of two 1,000 MW pressurised water reactors for a civilian power station at Koeberg in Cape Province.

The contract specifies that the reprocessing of nuclear fuel from the reactors will take place in France and that the plutonium extracted, which could be used in nuclear weapons, will not be returned to South Africa under any conditions. If South Africa to-day can produce a bomb, it is largely thanks to the development of a new uranium enrichment process by Professor Becker of the Karlsruhe nuclear research centre in West Germany which the South Africans themselves have perfected, the French claim.

Louis de Guiringaud . . . a geography lesson.

The polemics over past French attitudes towards South Africa, however, are now less important than the new turn of French policy. President Giscard has long felt that France and Britain should use the experience they gained as the two major colonial powers in Africa to play a greater role in the Continent and to prevent it from becoming a battleground of the super-powers. He has been encouraged in this view by most of the French-speaking African states, particularly Senegal and the Ivory Coast, which greatly fear the spread of Soviet and Cuban influence.

French military aid to Zaire this April was the first concrete manifestation of this new policy. The new anti-South African stance was exemplified by a warning to Pretoria that France would not hesitate to draw "the necessary conclusions" should South Africa carry out a nuclear test—a threat implying both diplomatic and economic sanctions—is yet another indication that France intends to pursue a more active policy in Africa. It seems as if the French Government has finally realised that it cannot have it both ways in southern Africa and that an effective policy requires changing your camp.

Behind France's change of course on disarmament, made public at the end of last month with the announcement that it would soon make detailed proposals in this field to the other big powers, are basic considerations broadly similar to those behind its new African policy. Its boycott of the Geneva disarmament conference and the Vienna force reduction negotiations, and its refusal to sign the 1963 partial nuclear test ban treaty and the 1968 nuclear non-proliferation pact, have noticeably reduced France's world role, largely because no real progress has been made towards disarmament.

But with a UN disarmament conference due to be held next year, and having already become closely involved in the international talks on the restriction of exports of nuclear equipment which could be used to make atomic weapons, France felt that it could no longer stand aside from international disarmament talks without losing prestige and international influence. Moreover, General de Gaulle's original reasons for boycotting the Geneva talks, namely that they could only help consolidate the nuclear monopoly of the super-powers, are no longer valid now that France has fully developed its own nuclear arsenal.

The French have come under increasing pressure from both the Soviet Union and other countries, not least those of the non-aligned world, to participate in world disarmament talks. During the visit to France of the Soviet leader, Mr. Leonid Brezhnev, last June, a joint Franco-Soviet communiqué was published urging new steps towards general disarmament and calling for a world disarmament conference: a declaration which the French could hardly afford to ignore now that the conference has been arranged.

No doubt, domestic factors have also played their part in the reorientation of French foreign policy. With a general election only six months away, an election which the Left, in spite of its current quarrels, still stands a good chance of winning, President Giscard clearly feels that an intensification of France's activities on the world stage can do no harm to his sorely-pressed coalition government. As General de Gaulle proved conclusively, a lot of votes can be won by burnishing France's international image.

مکتبات الأمل

Bhutto's detention could lead to split in party

BY SIMON HENDERSON

ISLAMABAD, Sept. 6.

THE ARREST and detention of Mr. Zulfikar Ali Bhutto, Pakistan's former Prime Minister, following allegations of his complicity in a murder case, may provoke a split inside the Pakistan Peoples Party.

While the party's central executive continues efforts through legal channels to secure his release, a Right-wing faction led by Maulana Kauser Niazi, the former Religious Affairs Minister, is expected to contest the general election scheduled for October 18 whether or not Mr. Bhutto leads the campaign.

Mr. Bhutto has declared on several occasions that he would boycott the elections if he considered he were not being treated impartially by the military administration. But Maulana Niazi, who is believed to have set his sights on the party leadership, now opposes a boycott on any grounds.

Meanwhile, the military administration's harsh treatment of political demonstrators, with sentences of whipping and prison for those convicted of misconduct both before and after Mr. Bhutto's arrest at the week end, appears to have dissuaded Mr. Bhutto's supporters throughout the country. Apart from some slogan shouting and an incident in which Karachi youths set fire to tyres and threw stones at police, there have been few demonstrations.

Mr. Bhutto himself is being held in an isolated jail outside Lahore, having been shifted from a military bungalow in the city centre following interrogation by the Federal Investigation Agency into the murder allegations. The magistrate hearing the case has extended his remand by nine days to September 19.

Diplomatic observers here say Gen. Zia ul Haq, the martial law administrator, is still under pressure from senior army officers to postpone the elections.

But a source close to retired Air Marshal Asghar Khan, leader of the Tehriq Istiqlal which constitutes one of the major partners of the opposition Pakistan National Alliance, says he has received assurances of support from certain senior army officers who would like him to become Prime Minister.

The Air Marshal, who until early this week was pressing for postponement of the election has accepted arguments put forward by these officers that elections must proceed on schedule if Pakistan is to secure the foreign loans it urgently needs, the source said. He also supported the view of diplomatic observers who say that the Air Marshal is determined to split away from the PNA which has allotted his party a smaller quota of seats than he is now prepared to accept.

In his new prison at Kot Lakhpat, which is surrounded by open fields and thus more secure from political demonstration, Mr. Bhutto faces the prospect of charges on several different offences, though no charges have yet been brought.

Formal proceedings begin to-morrow in the murder case and he has been summoned to appear in the Lahore High Court on September 13 regarding allegations of contempt of court for detaining a political opponent who had secured pre-arrest bail.

A bail application on Mr. Bhutto's behalf is to be heard on September 10.

Beirut stock exchange reopens

By Ihsan Hijazi

BEIRUT, Sept. 6.

THE BEIRUT Stock Exchange resumed operations here to-day for the first time since the end of Lebanon's civil war ten months ago. It was closed throughout most of the 18 months of fighting.

A number of reasons delayed the reopening of the "bourse", as it is known here. The economic stagnation which resulted from the war left the major Lebanese companies in a state of uncertainty.

Stock exchange officials insisted also on clearing up the question of a large number of stocks stolen during the fighting. Most of these stocks, which were made out to bearer, were looted from company safes and bank vaults in the now devastated centre of town.

Only Lebanese stocks and shares are in circulation at the bourse, which, however, kept an eye on the movement of foreign exchange markets.

All the major international stockbrokers maintained offices in Beirut before the war. At that time the Lebanese capital was considered the business and banking centre of the Middle East.

Of 800 joint stock companies operating in Lebanon, only the shares of 45 major firms were admitted at the bourse.

Botswana accuses Rhodesia of air attack

GABORONE, Sept. 6.

BOTSWANA to-day accused Rhodesia of strafing and bombing a Botswanan border village, forcing its inhabitants to flee. A statement from the office of President Sir Seretse Khama said Rhodesian troops were now massed opposite the village, Pandamatenga, which lies some 30 miles south of Victoria Falls.

It said that on Saturday night three Rhodesian aircraft bombed and strafed the area indiscriminately, causing bush fires which were still raging.

Since then, more Rhodesian troops had moved up to the border near Pandamatenga. "It is thus obvious that the rebel forces intend continuing with their unprovoked attack on Botswana," the statement said.

Reuter

Our Foreign Staff adds: The Rev. Ndabaningi Sithole, one of Rhodesia's rival nationalist leaders, yesterday rejected the Salisbury Government's plan for an "internal settlement" and indicated that he supported the new Anglo-American proposals for an international solution to the Rhodesia question.

His statement appeared to deal a serious blow to the plans of Mr. Ian Smith, the Rhodesian Prime Minister, for an internal deal. Mr. Sithole is thought to be one of three "moderate" nationalist leaders with whom Mr. Smith hopes to start negotiations.

Attorney General resigns over Whitlam charges

BY KENNETH RANDALL

CANBERRA, Sept. 6.

MR. ROBERT ELLICOTT QC, Australia's Attorney General, resigned to-day because of disagreements with the Prime Minister, Mr. Malcolm Fraser, and the Cabinet over the handling of conspiracy charges laid by a private citizen against the former Prime Minister, Mr. Gough Whitlam, and three other ministers of the former Labour government.

The charges, laid two years ago by a Sydney solicitor, Mr. Danny Sankey, arose from the Whitlam government's efforts to raise $4,000m. in petrofunds through a private intermediary, Mr. Tirath Khemlani.

To-day Mr. Ellicott stressed that the charges were of a "criminal nature" and that the "criminal law knows no bounds." He said the Cabinet had made improper attempts to direct "the first law officer of the crown" in matters which were exclusively the prerogative of the Attorney-General.

Mr. Ellicott said Mr. Fraser had made it clear to him that he wanted the Crown to take over the prosecutions and quash them. Mr. Ellicott said he had investigated the possibility of taking over the prosecutions and pursuing them, in order to bring out the facts on the case which otherwise "will plague us."

Ethiopia claims success

BY JAMES BUXTON

ETHIOPIA claimed yesterday to have destroyed 72 Somali tanks and 25 armoured vehicles in a three-day battle last week around the strategic town of Jijiga in the Ogaden region. Diplomatic sources in Addis Ababa, contacted from London, said they did not believe the claim by the Western Somali Liberation Front that the town was now in Somali hands.

Ethiopian newspapers yesterday showed ten photographs of destroyed Somali tanks. The sources said that their attempts to obtain independent confirmation of the Ethiopian claims indicated that Ethiopia had achieved a substantial success against Somali regular forces and the Liberation Front, and that it still held Jijiga. Ethiopia earlier claimed that five Somali MiG aircraft were shot down in the conflict. Somalia continues to deny that its regular forces are engaged in the conflict over the Ogaden, now in its seventh week.

Meanwhile, Addis Ababa radio has announced that the United States has signed its first aid agreement with Ethiopia since the U.S. military assistance group was summarily expelled from the country in April. The U.S. Agency for International Development (USAID) has agreed to grant $200,000 for agricultural projects in the south-east of the country.

Iraq cholera outbreak precautions

BEIRUT, Sept. 6.

IRAQ to-day joined the growing list of Arab states to announce precautionary measures affecting travellers to and from other states, to combat the new outbreak of cholera in the Middle East.

In Syria, the epidemic has already killed over 50 people and hospitalised 1,500: in Jordan, 21 cases have been confirmed, and in Lebanon, three cases have been confirmed, and there is a proliferation of rumours of further cases.

Preventive measures were announced in Lebanon yesterday, but there are growing fears that the unhygenic conditions in Beirut might provide and ideal breeding ground for the disease.

Household garbage is piled to rot in the heat, while it awaits occasional collection by municipal trucks. Unofficial reports say that Beirut's rat population outnumbers its humans three to one.

IPS

Saudi helicopters

KAWASAKI HEAVY Industries has signed a $100m. contract to export six large helicopters to Saudi Arabia for fire-fighting and rescue purposes. The contract includes building a heliport and training Saudi Arabian pilots and maintenance engineers.

Reuter

JAPAN'S ECONOMY

Doubts over reflationary measures

BY DOUGLAS RAMSEY

TOKYO, Sept. 6.

PRIME MINISTER Takeo Fukuda to-day reiterated his determination to achieve 6.7 per cent growth in the Japanese economy in fiscal 1977, and obtained final Cabinet approval this morning for a Y2,000bn. package of stimulatory measures designed to help Japan meet that target. The package goes to Parliament for probable adoption in early October, but there are strong doubts in business circles that it is sufficiently big or well-balanced to push the economy into high gear.

Japanese businessmen give Mr. Fukuda an outside chance of reaching the GNP growth target, but the strongest criticism of the Government's economic policies came this week from Mr. Takeshi Sakurada, president of the Japanese employers' organisation, Nikkeiren. Mr. Sakurada warned that "the growth Mr. Fukuda is giving us is really profitless growth," that is, substantial increases in Government spending which look good in GNP figures but which do little to increase disposable income or improve profits in industry.

Other doubts surrounding the reflationary package are more specific in that Mr. Fukuda's measures do very little towards remedying some of Japan's most pressing economic ills:

● Imports. Since the entire package is given over to public works projects which have traditionally been closed to foreign bidders, there will be very little direct benefit to overseas suppliers (although Mr. Fukuda insists that, as the economy grows, so will imports).

● Investment. Operating rates in industry are very low, and the Government's decision not to stimulate private consumption in this budget will probably mean that manufacturing industry's investments will anyway decline by about 10 per cent this year (a little less than in fiscal 1976).

● Taxation. Some Ministries were plumping for investment tax credits and a cut in income taxes, but neither was adopted in the package.

● Deficit financing. About Y300bn. worth of the package will have to be financed out of Government bonds which already amount to about 30 per cent of Government spending in 1977. So there is some exasperation in banking circles that the Government is not fulfilling its promise to reduce its dependence on deficit financing.

● Reflation. Although the package will put an extra Y2,000bn. ($7.55bn.) into the economy, less than half the total will actually come in the form of new central Government spending. Furthermore, only a third of Government expenditure of about Y620bn. will come out of general account, with the rest to be financed from Government revenue from postal savings accounts.

(Under a complicated system for supplementary budgets, Tokyo can oblige various semi-governmental and local offices to increase spending without providing a line of new credit from state coffers to cover the new expenditure. Moreover, the Y2,000bn. figure includes an unspecified amount of co-financing by private enterprises which, while contributing to final demand, is not generally considered part of a "budget" in the Western sense.)

Thus, the package which will go to Parliament when it reconvenes on October 3 is actually less substantial than claimed by Mr. Fukuda's aides.

As confirmed by Government officials to-day, the new package includes:

● Y570bn. worth of new loans for private housing construction.

● Y1000bn. for public works funded by Government.

● Y180bn. for local Government projects.

The package also includes non-budget items, the most important of which include:

● Encouragement of spending by the electric power industry.

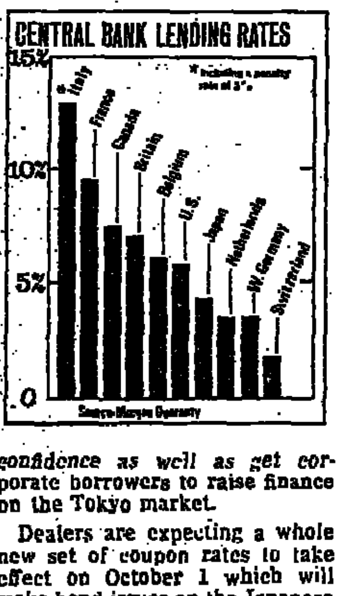
● Relaxation of consumer credit.

● More liberal use of domestic pricing cartels to counteract the structural decline in certain sectors.

● Creation of a loan programme to help medium and small businesses cover their foreign exchange risks resulting from the high value of the yen on overseas markets.

The package was worked out in tandem with the Bank of Japan's cut in the official discount rate to 4.25 per cent which took effect from Monday. It will be several weeks before the full extent of the Bank's move is felt because lending and deposit rates are set by various Government agencies which must now decide by how much each prevailing rate will be adjusted to cope with the lower rate at which the Bank discounts bills for the commercial sector.

It is virtually certain, however, that long-term interest rates will come down by about half a point to the lowest level ever (below 7.5 per cent.), and Finance Ministry officials are counting on the new rates to revive business confidence as well as get corporate borrowers to raise finance on the Tokyo market.



Dealers are expecting a whole new set of coupon rates to take effect on October 1 which will make bond issues on the Japanese market far more attractive than those on the Euromarket. Already there are plans by six foreign borrowers, including the European Investment Bank, to issue yen-denominated issues in October and November, and all of them will benefit from the lower rates.

Still, the Government will have trouble convincing most industries that the time has come to invest. According to the latest statistics, orders for plant and equipment were strongly down in early summer, and the outlook is not much brighter. The power industries are expected to invest 36 per cent more in fiscal 1977 than last year, but the manufacturing sector may well invest 10 per cent less if a recent industrial survey proves correct. The same survey forecasts an overall 5.6 per cent increase in plant and equipment investment for all Japanese industry this year.

Critics of the reflationary package point out that most of the cash will go into construction projects with little regard for the continued sluggishness of consumer spending, and therefore will not get at the fundamental problem of low operating rates in manufacturing industry. In fact, industrial production declined in July, standing at only 2 per cent higher than the level a year ago, or the worst showing since Japan began to pull out of the recession.

At the same time, the inventories of finished goods in Japanese industry have ballooned to about 10 per cent higher than they were a year ago, which would indicate that there is plenty of slack in industry (that is both low operating rates and high inventories).

Mr. Fukuda, however, seems less worried about consumer demand than his counterparts in industry. Private consumption indicators for July show a slight increase, although, for instance, sales at department stores declined in five out of the first six months of the year.

The Government's decision to eschew any cut in taxes, therefore, is seen as a gamble that private consumer demand will pick up along with the rest of the economy. Mr. Fukuda is also calculating on a further reduction in private savings, a trend established in 1976 when the savings rate declined to 22.8 per cent (or roughly back to where it was in 1973). If that continues, consumer demand will improve just as it has done strongly at the tail-end of earlier (albeit less severe) recessions.

Officials at the Finance Ministry are reported to have vetoed any possibility of an income tax cut on the grounds that most of the lost revenue would actually go into savings instead of spending, so, instead, the Government decided to put all its eggs into the public works and housing baskets.

The Finance Ministry may now have some minor trouble working out a package to finance the operation, but the biggest question still goes unanswered: will it stimulate the economy enough to let Japan's gross national product grow by 6.7 per cent in the year to next March?

CONTRACTS AND TENDERS

THE HASHEMITE KINGDOM OF JORDAN
JORDANIAN ARMED FORCES
ROYAL MEDICAL SERVICES
KING HUSSEIN MEDICAL CENTRE

Tenders are to be invited from experienced contractors for works associated with the modernisation and expansion of the Catering and Laundry facilities at the King Hussein Medical Centre, Amman.

The work comprises:
1. Civil and building work with mechanical electrical services.
2. Supply and installation of specialised catering equipment.
3. Supply and installation of specialised laundry equipment.

Tenders may be submitted by contractors willing to undertake all work covered by categories 1 to 3 above, with the suppliers and installers of the specialised catering and laundry equipment being sub-contractors. Alternatively tenders may be submitted for the individual categories such that the employer will enter into separate direct contracts with contractors wishing to offer tenders only for either category 1 or work in category 2 or category 3. Contractors may submit tenders for more than one of the three categories.

Tenders for work in category 2 or category 3 will only be considered from manufacturers who can demonstrate their ability by the successful completion of comparable schemes and will be required to provide with their tender submission certified documents to meet the following criteria:
(i) Previous experience of major hospital requirements involving both the supply and complete installation of equipment.
(ii) Details of staff training capability in respect of equipment utilization and maintenance requirements.
(iii) Details of local maintenance and spares availability.
(iv) Comprehensive details of company financial status.

Tenders for civil and engineering work will only be considered from those contractors who are registered and classified as first class with the Ministry of Public Works, Jordan.

Where it is intended to employ sub-contractors for substantial sections of the work then similar details to those requested above must be provided.

Tenders will be based on designs and specifications prepared by the consultants appointed for the design and supervision of the works and the successful tenderer(s) will be required to carry out the works on a phased basis.

Interested firms or would-be tenderers may examine the tender documents at either of the following addresses as of the first of September, 1977:
1. Chairman of the Prequalifying and Awarding Committe, General Headquarters, Jordanian Armed Forces, King Hussein Medical Centre, Amman, Jordan.
2. W. F. Johnson and Partners, Architects, Consulting Engineers, Quantity Surveyors, York House, Clarendon Avenue, Leamington Spa CV32 5PT, Warwickshire, England.

Duplicate copies of the tender documents can be obtained on application and by the payment of One Hundred Jordanian Dinars (One Hundred and Eighty Pounds Sterling) at the same address. Closing date for application 21 September, 1977.

COMPANY NOTICES

COMPAGNIE FRANCAISE DES PETROLES
6% 1965-1985—LOAN OF US$20,000,000

US$1,032,000 of the issue due for redemption on 15th October, 1977 has been repurchased in the Market.
The amount outstanding after 15th October will be US$10,828,000.

Paying agent
BANQUE DE PARIS ET DES PAYS-BAS
POUR LE GRAND-DUCHE DE LUXEMBOURG

LONDON AND LIVERPOOL TRUST LIMITED

NOTICE IS HEREBY GIVEN that the Register of the Ordinary Shares will be CLOSED from 17th September to 30th September 1977 inclusive, for the preparation of Dividend Warrants.
By Order of the Board
J. Todd, Secretary.

FINAL DIVIDEND 1977
THE COMMERCIAL BANKING COMPANY OF SYDNEY LIMITED
(Incorporated in New South Wales)

NOTICE IS HEREBY GIVEN that for the purpose of payment of dividend the Transfer Books and Register of Members will be closed from 30th September, 1977 to 7th October, 1977, both days inclusive. Transfers for registration prior to such closing must be lodged before 3 p.m. on Monday, 19th September, 1977.
By Order of the Chief Board,
J. E. SEARLE,
Chief Manager, London.

VEREINIGTE OESTERREICHISCHE EISEN UND STAHLWERKE A.G.
V.O.E.S.T. 1963/78 5½% US$15,000,000

Bonds for the amount of US$1,182,000 have been drawn on August 23, 1977 in the presence of a notary public for redemption on October 1st, 1977.

The drawn debentures are those not yet previously redeemed, included in the range beginning:
(a) for the Bonds of US$1,000: at 033 up to 4829 incl. at 7349 up to 7378 incl.
(b) For the Bonds of US$250: at 9840 up to 11151 incl.
They are redeemable, coupons due October 1st, 1978 attached, as from October 1st, 1977.

Amount purchased in the market: US$53,000
Amount unredeemed: US$1,257,000
Outstanding drawn Bonds:

[illegible]

Luxembourg, September 7, 1977.

UNION CORPORATION LIMITED
(Incorporated in the Republic of South Africa)

DECLARATION OF DIVIDEND No. 121 PAYMENT OF COUPON No. 126

The Directors have declared dividend No. 121 of 12 cents per share Republic of South Africa currency being an interim dividend in respect of the year ending 31st December 1977 payable to members registered at the close of business on 23rd September 1977 and to persons surrendering coupon No. 126 detached from share warrants to bearer.

[illegible]

By order of the Board
per pro. UNION CORPORATION (U.K.) LIMITED
London Secretaries
L. W. Humphries

London Secretaries:
Princes House,
95 Gresham Street,
London EC2V 7BS.

Transfer Office:
Hill Samuel Registrars Limited,
6 Greencoat Place,
London SW1P 1PL.
7th September 1977.

THE THARSIS SULPHUR AND COPPER COMPANY LIMITED

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of The Tharsis Sulphur and Copper Company Limited will be held in ... Glasgow on 29th September, 1977 at 11.30 a.m. for the purpose of considering and, if thought fit, passing the following Resolutions, which will be proposed as to the first as an Ordinary Resolution and as to the second as an Ordinary Resolution ...

[illegible]

By Order of the Board
R. W. PETERS
Secretary

Registered Office:
136, West George Street,
Glasgow G2 2HG.
6th September, 1977.

NOTES

[illegible]

PROPERTY

WORLD TRADE NEWS

Invisible earnings soar to £1.5bn.

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE financial institutions of the City increased their net invisible earnings by 31 per cent. to £1.54bn. last year.

This is disclosed in the Central Statistical Office's 95-page analysis of the U.K. balance of payments for 1966-76—the Pink Book—published yesterday, which also contains details for the net balance with the EEC and of private investment.

The net invisible earnings of the City, including insurance, banking, commodity trading, brokerage, and investment and unit trusts, have nearly doubled from the £807m. surplus of 1974. The growth of the past two years reflects both the impact of the sharp fall in the sterling exchange rate and increases in the volume of business.

In 1976 the largest growth came from banking, where net earnings exactly doubled to £408m. This was the result not only of a big jump in earnings from overseas, notably on borrowing and lending in foreign currencies but also of a fall in interest payable overseas on borrowing in sterling.

Net earnings of insurance institutions increased by 32 per cent. to £606m. with a particularly sharp rise in the brokers' contribution of £50m. to £154m. Lloyd's earnings increased from £217m. to £279m. last year.

However, net earnings on commodity trading rose by only £4m. to £247m. and the overseas income of the Stock Exchange fell slightly from £19m. to £16m.

Among other invisible items, the earnings of the construction industry, consulting engineers, architects and quantity surveyors, were £456m. last year—£173m. more than in 1975 and nearly four times higher than in 1972.

Britain's net deficit on current account with the rest of the EEC narrowed slightly from £2.44bn. to £2.26bn. last year. The entire improvement came on visible trade where the deficit is now £2.1bn., compared with £2.4bn. in 1975 and £1.18bn. in 1973.

On the invisible account, large general government debits (including £540m. for military services in West Germany, and a net payment of some £180m. to the EEC funds) offset a surplus on sea transport, civil aviation, travel, financial services and interest, profits and dividends.

A new section in the Pink Book on private investment shows that the net effect of both current and capital account transactions associated with outward investment has been favourable to the balance of payments in each of the last four years.

Last year the impact on the reserves of U.K. private investment overseas (including funds accruing under the 25 per cent. surrender scheme) was a rise of £1.1bn., compared with £1.38bn. in 1975, £2.1bn. in 1974, and £1.49bn. in 1973.

Inward investment has also had a favourable impact on the balance of payments, mainly because there have been large inflows for exploration and development of the North Sea oil industry and, as yet, few profits have been earned on these investments and distributed overseas. But this has started to change so far this year with the build-up of North Sea production.

On visible trade, the Pink Book shows how the increase in the deficit of £365m. last year to £3.57bn. reflected an £854m. rise in the net deficit on minerals, fuels and lubricants and a £693m. jump in the net deficit on basic materials. These factors, together with a slight increase in the net deficit on food, beverages and tobacco, more than offset a £1.27bn. rise to £5.05bn. in the surplus in trade on manufactured goods.

The surplus on manufactured trade rose by about £3bn. between 1974 and 1976 at the same time as the total visible deficit narrowed by £1.62bn.

"United Kingdom Balance of Payments 1966-76," the Pink Book, HMSO, price £3.95.

Tariff cuts proposed in Japan talks

TOKYO, Sept. 6.

THE U.S. has proposed a uniform 60 per cent. cut in tariffs in discussions with Japan on accelerating the Tokyo round of trade and tariff negotiations, according to Japanese Foreign Ministry sources.

However, Japan has called for larger reductions in higher tariffs and smaller cuts in lower tariffs.

The discussions continue tomorrow, touching on tariffs on agricultural products, non-tariff measures and amendment of emergency import restrictions safeguards.

Informed sources said U.S. representative Alan Wolff, President Carter's Deputy Special Representative for Trade Negotiations, was likely to raise the question of Japan's trade surplus.

This reached $5.5bn. last year and an estimated $3.03bn. in the first half of 1977.
Reuter

U.K. investment sought by U.S.

BY LORNE BARLING

COMPARATIVELY low labour costs in the United States and the need for more investment have prompted increased activity by local interests in the U.S. to attract European companies.

Although West Germany has been in the forefront recently with major investment planned by Volkswagen to manufacture there, two U.S. trade missions are to visit Britain soon, one from Missouri and the other from Tennessee.

Already Missouri is attracting foreign investment at a record pace and the 12-man mission, made up of state officials and businessmen, aims to increase this further. In the state there are at present 35 foreign-owned manufacturing plants.

British companies operating there include Plessey Couplings, R. T. French, a subsidiary of Reckitt and Coleman, and Vita Food Products Inc., a subsidiary of British American Tobacco.

The Missouri mission, which arrives in the U.K. on September 11, will also visit West Germany, France and Switzerland. The Tennessee mission, which will clearly be competing with their opposite numbers to attract investment, arrives in the U.K. on September 26 and will be led by Governor Ray Blanton.

"We are exploring markets, making contacts, identifying needs and developing all we can to improve upon good foundations already laid for international development in Tennessee," the mission said.

It added that trade and investment opportunities are of particular interest to industries wishing to expand in furniture, and fixtures, fabricated metal products, electrical and non-electrical machinery, transport equipment, rubber and plastic products and food and chemicals.

During the past two years 10.5 per cent. of new plant investment in Tennessee has been represented by international companies which has included a major investment by Mable of Stuttgart. British companies already operating in the state include Bowater, Beechams and Imperial Chemical Industries.

Companies likely to be interested in such investment are those already exporting in some volume to the U.S., and would gain by having some element of local manufacture. This is regarded as most applicable where there may be a legal requirement for local manufacture, to limit exports, or where this may boost local confidence in the product.

Swedish call to lift imports

TOKYO, Sept. 6.

SWEDEN asked Japan to import more Swedish goods to help correct a trade imbalance now in Japan's favour at a one-day trade consultative meeting, to-day, AP-DJ reports.

Johan Nordenskjold, Vice-Minister of the Swedish Ministry of Trade, told the meeting that Sweden is studying ways to promote exports and asked Japan to co-operate.

The Japanese delegation was led by Bunroku Yoshino, Deputy Vice Minister of the Foreign Ministry.

Ministry officials said Japan and Sweden will continue discussions on ways of promoting trade relations between the two.

Appledore in $1m. study for India

By K. K. Sharma

NEW DELHI, Sept. 6.

APPLEDORE Shipbuilders of Britain has been awarded a $1.2m. contract by the Indian government to investigate two sites for a new $90m. shipyard.

The British company will study the sites and recommend the one best suited to the plan. The sites are located at Hazira in Gujarat State in western India and at Paradip in Orissa State in eastern India.

The proposed shipyard will build ships from 36,000 dwt to 66,000 dwt.

Furniture record

THE British furniture industry's exports for the first six months of this year totalled a record £100,981,000 says Mr. David Mitchell, chairman of BFM Exhibitions which organises the annual International Furniture Show. "The figure up to the end of June was 61 per cent. up on the first half of last year, for which the comparable amount was £62,880,000," he said.

In 1976 the industry's exports first broke the £100m. mark for the whole 12 months.

Much of this year's success is considered to be due to the results at the last Furniture Show at Earls Court.

Leyland in Japan

BRITISH Leyland said yesterday it plans to launch a sales drive for its Triumph TR-7, MGB, Jaguar and Rover at the Tokyo Motor Show opening on October 28, Reuter reports from Tokyo.

The TR-7 is undergoing tests to see if it meets Japan's rigid government safety pollution standards. British Leyland recently formed a joint venture here with the Japanese trading company Mitsui.

British and Japanese motor industry leaders were yesterday continuing talks on increased Japanese exports of commercial vehicles to Britain, up by more than 55 per cent. in the first half of this year compared to the same period in 1976.

Arctic gas tanker bids in

BY ROBERT GIBBENS

MONTREAL, Sept. 6.

THERE ARE now 13 or even 14 bids in to build the two LNG tankers being proposed to carry Arctic islands gas via the northwest Passage to the eastern seaboard. The contract is worth $175-$220m.

The bids from Europe (including Scandinavia): Wartsila of Finland, A. G. Weser, of West Germany, Chantiers d'Atlantique of France and Kockums of Sweden. Only Chantiers d'Atlantique and Kockums have actual LNG tanker building experience.

From Japan bidders are Kawasaki Industries (the only Japanese yard to have built LNG tankers so far), Mitsubishi, Mitsui, Hitachi, Sumitomo and Nippon Kokan, Kawasaki, licensee for Rolls-Royce engines, would instal the turbines chosen by the owners.

Canadian bidders include Davie Shipbuilding, Lauzon, Que, and Saint John Dry Dock, New Brunswick.

Serck Czech contract

A SECOND major contract has been won in Czechoslovakia by Serck Controls of Leamington Spa, Warwickshire. Totalling £340,000, it covers supply and installation of a telemetry and remote control system for supervision of the 50km Litvinov to Kralupy liquefied gas pipeline.

Ericsson gets $30m. worth of orders

STOCKHOLM, Sept. 6.

L. M. ERICSSON has received new orders worth $29.9m. from three Latin American countries.

The biggest order, from Colombia involves equipment worth $22.7m. for new installations and enlargement of 14 telephone stations in Bogota and Barranquilla.

From Bolivia Ericsson received an order for three telephone stations and deliveries of cables and telephone sets worth $4.1m.

Argentina has ordered one telephone station worth an estimated $3.1m.
AP-DJ

Tank laser system

WEST GERMANY has selected Krupp Atlas-Elektronik of Bremen to provide a laser tank fire control system for its production version of the Leopard 2 tank.

Chinese buy oil rig from North Sea

By Ray Dafter, Energy Correspondent

THE Chinese oil industry bought a North Sea drilling rig, a move that has raised hopes of a major new market for U.K. offshore suppliers.

The semi-submersible Borgny Dolphin, which has been used on Occidental's Piper Field, is to be used to drill off the coast of China where reserves are thought to be many times greater than those in the North Sea.

Fred Olsen, the Norwegian owner of the rig, confirmed in Oslo that a deal had been signed with Chinese Government. The cost of the rig has not been disclosed.

Borgny Dolphin, which is currently drilling in the Norwegian sector of the North Sea, was built in 1975 by the Aker Group of Norway. The self-propelled vessel is equipped to operate in up to 1,000 feet of water.

A group of Chinese engineers has already visited the U.K. to view British offshore technology under the auspices of the 48 Group British Trade Council. A spokesman for the council said yesterday that another Chinese delegation was expected in the U.K. although a date had not yet been fixed.

At the same time it is known that the Chinese have made approaches to British engineering companies seeking information about North Sea exploration and development work. The Government's Offshore Supplies Office, which has been in touch with Chinese delegations, is watching the exporting potential arising from China's programme.

A recent Central Intelligence Agency report suggested that China's onshore reserves of oil amount to about 40bn. barrels, roughly the same as reserves remaining in the U.S. A similar amount of oil could lie beneath offshore China.

The report pointed out that China would need to acquire western technology more rapidly if it was to make the most of its oil wealth. Up to now China has had a policy of self-reliance which has permitted the purchase of limited foreign know-how but has eschewed joint joint ventures.

Second-hand ships fetch over $127m.

By David Freud, Industrial Staff

CHINA is taking advantage of the low prices for second-hand vessels by going on a buying spree.

Shipstats, the London shipping statistics consultants, says that since May the Chinese have spent $127.44m. on a total of 38 second-hand vessels amounting to 573,000 deadweight tons.

The Chinese seem to be mainly interested in good quality "tween-deckers, between 10 and 12 years old, generally about 10,000 dwt, although one British liner company has sold them five 7,000-tonners.

They have also bought eight bulk carriers of between 30,000 and 40,000 dwt, two from Britain and six from Norway.

The Chinese have in the past been steady buyers of second-hand tonnage, but they have been inactive in the market for the last year or so.

Their return to the market indicates their feeling that second-hand prices, depressed by the consistently poor performance of the freight market, have just about touched bottom.

The Chinese have had several inspection teams looking at tonnage for several months all over the world, particularly in Europe. Shipstats says that the total amount of tonnage the Chinese are after is not known. They are, however, still looking at more vessels, as their shopping list is not yet complete.

LEBANESE INDUSTRY

Post-war liquidity hurdle

BY ANTHONY McDERMOTT, RECENTLY IN LEBANON

THE FIRST Arab in-depth study of the prospects facing industry in Lebanon after the two-year civil war concludes that political stability and security must be established first if economic and industrial life is to return to the country.

Although there are signs that the Cairo Agreement which governs the presence of Palestinians in Lebanon, could be put peacefully into action, and that this would mark a political turning point, it is clear from the bleak picture painted by the report that it will be a protracted struggle before industry reaches its pre-war production capacity.

The report was prepared by the Arab Centre for Industrial Development (ACID), one of the Arab League's institutions, after a three-week visit by a delegation to Lebanon. The aim of the mission, which was ordered by Arab industry ministers, was to provide a detailed picture of Lebanon's industrial sector on the basis of which Arab countries could determine the volume of aid needed.

Evaluating the damage done to Lebanese industry by the war, the report concludes that, according to conservative estimates, direct damage cost around 15 per cent. of the total capital invested in the industrial sector. This damage was caused by the destruction of factories, machinery and stock either through the fighting itself or by fires and looting.

But the ACID report also estimates that much greater and more lasting damages—35 to 40 per cent. of investment—was caused indirectly by the disruption and paralysis which prevailed during the war, and which have given rise to a formidable array of problems hampering the resurgence of industrial activity.

Most prominent in the industrialists' catalogue of woes is the liquidity problem. Those with damaged premises have to raise the cash to fund repairs at a time when building costs have risen by an estimated 200 per cent. Commercial banks are reluctant to provide loans to make the necessary purchases, and charge high interest rates of 8 or 10 per cent. Many industrialists had already taken out loans to set up their businesses in the first place, and face an accumulation of repayment and interest debts.

At the same time, ACID found that their suppliers insist on advance payment for machinery and other necessities, while costs of raw materials and services have soared. They are also obliged in theory to pay their workers for the war period despite the disruption of production, and find at the same time that their own debtors are unable to meet their obligations. Should they succeed in getting their enterprises going again, they are faced by steep increases in electricity and fuel prices since pre-war days.

To help the industrialists face the liquidity problem, the ACID report makes two proposals: (a) the provision of medium-term loans (3-5 years) on easy conditions, with an interest rate of between 3 and 5 per cent.

(b) The establishment of a fund to support Lebanese industry, financed by local and Arab funds, to provide long-term loans to industrialists keen to revive their factories. Such loans would be dispensed in accordance with national priorities, with encouragement given to the geographical distribution of factories to suitable areas, particularly those previously starved of industry.

To this end, plans are now being studied by the Lebanese Industry Ministry and the ACID for the establishment of Government-sponsored industrial zones. But this scheme to decentralise industry faces a number of problems. First, the Government itself has little cash to buy up land for industrial zones and find the necessary facilities.

Secondly, since Lebanese industry is entirely in the private sector, there is no guarantee that industrialists would fall in with state plans.

Liquidity is not the only problem facing the industrialists. Many Lebanese industries depended largely on export markets in the Arab world and Africa to sell their goods, but many of their outlets have found other sources of supply during the two-year disruption, and are in any case sceptical about Lebanon's ability to guarantee delivery.

Meanwhile the local market has also shrunk, with low levels of economic activity and political instability affecting consumer demand for many products. A flood of smuggled goods of many categories has faced some local producers with competition which they cannot beat. The ACID mission reported a consensus among industrialists that the Government must introduce import tariffs on goods similar to those produced locally, but here the Government has to tread carefully since such protectionism could be against the public interest by reducing competition and pushing prices up still further.

To add to their problems, many industrialists also face labour shortages, with foreign workers having fled the country during the war and local workers in some areas nervous about crossing the old war-lines to resume work on "the other side" before security is established beyond doubt.

Infrastructural problems also abound. Beirut Port is not yet functioning at full capacity, meaning delays in supplies and exporting. Telephone and telex services are poor, particularly for local communications. Government offices are not yet running smoothly, so any formalities which have to be dealt with are likely to involve much time and frustration.

حكلة امنة الأصل

AMERICAN NEWS

Alaska sues North Slope oil producers over royalties

JUNEAU, Sept. 6

ALASKA has filed a suit against 18 North Slope oil producers seeking to clarify the methods they use to determine royalty payments to the state, according to Mr. Jay Hammond, the state's governor.

He said he had instructed the Alaska Department of Law to begin the suit in the state superior court, because producers are subtracting amounts ranging from 92 cents to $1.11 a barrel from North Slope royalty payments to the state, under the assumption that the state should pay field costs for its royalty oil.

Although the Governor did not estimate the amount involved, other sources have estimated that revenues of about $30m. annually are at stake. In the suit, the state said it does not believe the oil companies have acted in bad faith, but that they are incorrect.

The state claims its leases to the oil companies stipulate that royalty oil should be provided free at the point where it reaches the pipeline at Pump Station One.

Instead, oil companies are currently calculating royalty payments differently, and charging the state for an assortment of eight field costs.

In addition to deducting field costs, the oil companies each set a different wellhead value for their oil, based on their individual tariffs and tanker costs. Wellhead prices claimed by the companies for June output ranged between $5.58 for Standard Oil (Ohio) to $7.70 from Getty Oil.

North Slope oil producers reported that production between June 20, when the pipeline was first open, to the end of June, was 3.5m. barrels, of which 477,595 barrels was the state's. The state, however, took all its royalties.

Reuter

Ray Dafter adds: British Petroleum, which is in the process of consolidating its majority share in Sohio as Alaskan production builds up, said in London last night: "We are considering this development."

Peruvians free journalist

MR. NICHOLAS ASHESHOV, a British journalist and the Financial Times correspondent in Lima, was released by the Peruvian State security police late on Monday night after being held for questioning for 12 hours. Our Foreign Staff writes.

The police had visited his home in Lima four days earlier and asked him to come with them to their headquarters. *Mr. Asheshov refused because* he was alone at the time and told the police that he would go later if he could be accompanied.

Mr. Asheshov said to-day that the police asked him about an article in the monthly magazine Andean Report, which is published in Lima in English and of which he is the editor. The article referred to reported negotiations between the Peruvian government and the London metal traders, Philipps Bros., over a plan to *transfer 15 tons of gold from* Peru's reserves to London as a guarantee for a loan of $43m.

"There was no immediate pressure to talk about sources of the article," Mr. Asheshov said to-day, "although clearly this is what the authorities wanted to know."

The Peruvian Central Bank has insisted that no deal of the sort mentioned in the article has been done.

U.S. Steel tightens the managerial belt

BY STEWART FLEMING

NEW YORK, Sept. 6.

U.S. STEEL, the largest company in the American steel industry, has asked 10,000 white-collar management executives to forego a cost-of-living pay increase to which they are entitled.

The company said it has asked most of its management officials to forego the $18-a-month rise.

This follows clear indications from U.S. Steel and other major U.S. steel concerns that they are becoming increasingly anxious about low profits and foreign competition. Bethlehem Steel, the second largest steel manufacturer, has announced plant cutbacks which will cause a substantial loss for the year and U.S. Steel itself has made no secret of its economy drive.

Over the week-end Mr. Edgar Speer, the U.S. Steel chairman, conceded that up to 20 per cent. of capacity in the steel industry is obsolete. He attacked environmental regulations on the industry, which he said are making it more difficult for U.S. steel companies to compete with foreign imports.

Later to-day Mr. Speer is holding a Press conference in Pittsburgh to refute recent criticisms of inefficiency in the industry.

There is mounting speculation over further economy measures that the company may announce before long. It has warned that it may close the important South Works in Chicago and that economy measures will be introduced at the Youngstown, Ohio, facility.

Panama pact initialled

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, Sept. 6.

AMERICAN and Panamanian negotiators to-day initialled the new Panama Canal treaties, preparatory to to-morrow night's formal signing ceremonies by President Carter for the U.S. and Brig.-General Torrijos for Panama.

Officials of more than two dozen countries in the American hemisphere, many of them heads of State, are arriving in Washington to attend both the formal ceremonies, held under the auspices of the Organisation of American States (OAS), and to engage in bilateral contacts with members of the Carter Administration.

The whole show is also clearly designed as a centrepiece for President Carter's tough battle to persuade two-thirds of the United States Senate that the treaties should be ratified.

But opponents of the treaties will also be in evidence. Mr. Ronald Reagan, the former Californian Governor who made so much of the Panama Canal in last year's campaign for the Republican Presidential nomination, is due to address the National Press Club on Thursday.

The Administration has some hopes that Mr. Reagan will elect not to lead a national effort against ratification, though his opposition to the treaties appears firm enough. His speech will be closely watched for signs of his future policy.

But a number of side shows will also be catching the public eye—not least the presence of General Augusto Pinochet, the Chilean President who is due to confer with President Carter separately in the White House to-night.

Just under a year ago, Sr. Orlando Letelier, a former Chilean ambassador to the U.S. and a leading spokesman of anti-junta exiled Chileans, was killed when a bomb demolished his car in the heart of Embassy Row here. It is widely believed that DINA, the now disbanded Chilean secret police, was instrumental in this assassination.

Demonstrators against General Pinochet's being received by President Carter are planned. While the Administration might have preferred the Chilean President not to come, its hands were tied once it had been decided to have the OAS act as the host for the signing ceremonies and issue invitations for all active members of the organisation to participate.

American officials who have visited Chile recently have guardedly reported that there are signs that the military regime is easing its domestic repression—but such evidence as exists is still considered extremely tentative and certainly insufficient to justify, on human rights grounds, substantive U.S. gestures towards Chile.

Venezuela oil tax claims

BY JOSEPH MANN

CARACAS, Sept. 6.

THE VENEZUELAN Government and foreign oil companies have been embarrassed by a sudden surge of publicity as the two parties try to resolve claims for $349m. in taxes.

The claims—involving companies such as Exxon, Shell, Gulf, Mobil, Texaco, Chevron and a score of others—were left unresolved when the government of President Carlos Andres Perez nationalised all private oil companies at the beginning of 1976.

Although the government and the oil companies would like to see the issue settled as soon as possible, the Perez administration is concerned about leaving itself open to charges from opposition groups about selling out to the multinationals, in order to gain a quick settlement.

The international oil companies are equally eager to see cases pending against their former Venezuelan affiliates closed within a reasonable period of time, but are fearful that any comment from their side could provoke an adverse government reaction.

Some of the claims now under review by the government go back as far as 1967. The last time a Venezuelan government resolved a major package of tax claims against oil companies operating here was in 1966-67, and some of those cases had remained unsettled for ten years.

A local newspaper has accurately reported that the government had "temporarily suspended" more than 100 suits against former oil company affiliates. Government spokesmen took pains to stress that the suspensions formed part of a "normal" review and that the administration had not taken a decision yet on the cases.

Then Sr. Juan Pablo Perez Alfonzo, the veteran former Petroleum Minister, stated a responsible Government does not compromise with the international oil companies, and charged that the Government only received one-quarter of payments due when the last settlement was made in 1967. He added, "when Governments, like the present one, overdraw, get into debt and compromise themselves, they end up trying any means to get money. They need cash and they give in, even though the nation loses out."

Thirty-four heavily-armed guerillas dressed in military fatigues took control of a small town on Sunday night some 300 miles south-east of Caracas. The operation, which caused no damage, was only confirmed here late last night by the government.

The guerilla band, 30 men and four women, overwhelmed the small police outpost in the village of Caigua and ordered some 300 of the 1,000 local residents to meet in the main square. Once assembled, they were told by the guerillas, "the government of the rich" must be defeated by revolutionary violence and not by elections, according to reports published here.

The group was identified with the far-left guerilla movement, Red Banner. Although left-wing guerillas posed a menace in Venezuela during the 1960s, their more recent activities have been extremely limited.

ON OTHER PAGES

GREENLAND'S RESOURCES

Oil generates political heat

BY HILARY BARNES IN COPENHAGEN

THE 15,000 Greenlanders who form the resident population of *the world's largest island* are wholly dependent on subsidies from Denmark to maintain a tolerable standard of living. The only thing that could change that would be the discovery and extraction of sub-soil resources, particularly of oil and natural gas, *on Greenland or offshore*.

But during recent months there has been growing opposition among the Greenlanders to the search for oil and gas as *well as other mineral resources* (which include uranium deposits). At the beginning of this month the left-wing nationalist movement which has *formed the core of this opposition*, Siumut, formed itself into a political party. It is not the *first political party to have been* formed in Greenland, but it is the first which appears to have sufficient broad support to give it some prospect of surviving as *a party and thereby obtaining* a major influence on Greenland affairs.

Constitutionally Greenland is a province of the Kingdom of Denmark. It is represented in the Danish Folketing (Parliament) by two members. In May, 1979, according to present plans, Greenland will obtain home rule, the terms of which are currently being worked out by a joint Danish-Greenlandic commission.

Home rule may have important *consequences in two areas of* particular interest to the rest of the world—Greenland's membership (as an integral part of Denmark) of the EEC, and in the search for and eventual extraction of minerals.

Greenlanders are somewhat suspicious of the outside world as represented both by the EEC and by the international oil companies. This is not perhaps surprising. Until 1950 no attempt *had been made to develop Greenland*, which was a colony closed to outsiders. Its people, of mixed European and Eskimo descent, speak Greenlandic, an Eskimo language, living the primitive life of hunters and fishermen.

Transferring

During the past 25 years the Danes *have made a massive* effort to provide the islanders with standards of living which compare with those in western Europe. Although standards are not quite at that level, progress has been made by dint of transferring Danish technology, Danish administrators, doctors, teachers, technicians, entrepreneurs and skilled workers to Greenland. The province, generally speaking and in spite of Danish efforts to the contrary, is still run for the Greenlanders by the Danes. There was no possible way in which Greenland could provide in less than a generation the educational structure needed to run Greenland or as well as for the Greenlanders. The overwhelming majority of the Greenlanders are undoubtedly pleased with the relatively comfortable way of life which they now enjoy, but that does not prevent a sense of alienation as well.

Politically this came out strongly in the referendum on *Danish membership of the EEC* in 1972. While about two-thirds of the Danish electorate voted for membership, about two-thirds of the Greenlanders voted against. Much of the opposition could be ascribed to a fear that Greenland fisheries interests would not be satisfactorily protected by the EEC. Moreover, it *is clear to anyone who has talked* to Greenlanders that there exists a simple and strong feeling that Greenlanders do not have much in common with Europeans.

Opposition to the EEC remains strong, fed undoubtedly by a certain resentment that while *the Faroe Islands, part of the* Kingdom of Denmark but enjoying home rule, did not have to join, Greenland did.

Greenland home rule will be similar to Faroes home rule, with foreign policy **and defence** among the major matters retained for determination by the Danish Government. It now *seems probable* that Greenland will be allowed to be a non-EEC enclave within the kingdom. "*We shall* not try to keep Greenland in the EEC against the wishes of the Greenlanders after home rule is introduced," Prime Minister Anker *Joergensen declared this summer* on the eve of a visit to Greenland.

The oil search is the current issue on which the sense of opposition to foreign interest in Greenlandic affairs is finding expression. Six groups were awarded concessions in 1973 to drill for and extract hydrocarbons from areas off the west *coast of Greenland. A single well* was drilled last year without finding anything. At least three *more wells are being sunk this* summer. The first well to be completed by a group headed by Mobil, was dry. The prospects of finding hydrocarbons are regarded as good, although the finds will have to be very large to make them worthwhile exploiting under the tricky conditions in the Davis Strait.

The Bravo blow-out in the Norwegian sector of the North Sea caused a strong reaction in *Greenland, where it was feared* that a blow-out would do serious damage to the marine fauna on which the Greenlanders live. In the joint Danish-Greenland steering committee on oil policy a majority of the Greenland members favoured a postponement of this *summer's drilling* programme until safety procedures and precautions were reviewed once more. This was followed up by an appeal for *postponement* by 11 of the 16 members of the Provincial Council, the senior elected body *in Greenland, together with the* board of the Greenland Workers' Union, several Siumut associations and one of the two Greenland members of the Folketing, Mr. Lars Emil Johansen.

The Government refused to postpone drilling, arguing that a blow-out from trial drilling was exceedingly unlikely and that safety precautions were rigorous. The Government might have faced demands for compensation *from the oil companies if it had* postponed drilling, but that was not a major consideration, officials say.

Resentment

The Danish government has rarely taken decisions against the express wishes of a majority of *Greenland's elected leaders. EEC* membership was one instance. The decision not to postpone *drilling this summer* was another. The latter decision has undoubtedly caused considerable resentment. It would be wrong, however, to give the impression that there is unanimous Greenland opposition to current oil policy. A majority of the sitting Provincial Council approved the concessions to the oil companies in 1973, and there is probably still a majority in favour of the oil policy in principle.

The Siumut movement has also been at the forefront of the discussion in the Home Rule Commission over who should have what rights over mineral resources. Originally Siumut wanted the home rule legislation to lay down the resident population's exclusive right of ownership to mineral and other natural resources. In June the Commission agreed on a formula which refers to the resident population's "basic rights" to natural resources, but goes on to say that to secure the resident population's rights as well as the interests of the kingdom as a whole a law shall be passed laying down that exploration, development and utilisation of resources shall take place in accordance with agreement between the metropolitan government and the provincial government. In practical terms this means that either side will be able to veto proposals it does not like. It is quite likely that the current ground swell against the oil search will die away. If it does not the oil companies may find that their Greenland operations generate a lot more heat than might be expected in the cold climes.

HOME NEWS

Money supply growth slows in August

BY MICHAEL BLANDEN

THE GROWTH of the money supply may have slowed slightly last month in spite of the inflows of funds from abroad and further modest underlying growth in bank lending.

The figures for mid-August, published by the London clearing banks, indicate that the basic upward trend of their lending has continued. But after allowing for seasonal influences, the rise was only some £100m.-150m., a slower rate of growth than the monthly increases seen earlier in the year.

The pointer to money supply is given by the statistics published by the Bank of England showing the eligible liabilities of the banking system as a whole. These rose by £604m. during the four-week period to £37.7bn.

These liabilities represent the main deposit funds of the banks, and are an important component of sterling money supply on the wider definition (M3).

The rise in money supply is affected by other factors, including seasonal adjustments. Nevertheless, the increase in eligible liabilities last month was less than the £811m. recorded in the previous five-week period, when sterling M3 rose by 1.3 per cent. on a seasonally-adjusted basis.

In line with the £7.7bn. limit officially set on domestic credit expansion for the current financial year, the target growth range for sterling M3 is 9 to 13 per cent.

The figures suggest that the effect of the strong inflows into the U.K. in the earlier part of the August banking month was at least partly offset by the official success in selling gilt-edged stock.

The banking statistics also indicate that the clearing banks saw relatively little growth in their business in a period when interest rates generally were beginning to move down again. There are some signs that there was a rather greater increase in lending at other banks.

The slow growth of bank deposits led on August 11—towards the end of the banking month—to the official decision to suspend the operation of the so-called corset restraints on the banks' growth.

The London clearing banks report that during the month their sterling advances to the U.K. private sector fell by £99m. The drop, however, was less than would have been expected at this time of the year, and taking account of this and other factors there seems to have been some underlying rise in lending.

This was concentrated primarily in the agricultural and personal sectors, and to a lesser extent in manufacturing industry.

Sterling deposits of U.K. residents dropped by £229m. But this again was mainly due to special factors, including a run-down of public sector balances which had been temporarily inflated in the previous month. Allowing for these influences, there seems to have been little underlying change in private sector balances.

The recent upward trend of lending is confirmed by the quarterly breakdown also published by the London clearing banks. This shows a rise of £932m. to U.K. residents over the three months to mid-August, about twice the amount which would have been expected on seasonal grounds.

The increase was largely in the manufacturing sector, up by £467m., in agriculture (up £134m.) and among personal borrowers (up £182m.).

Clearing tables, Page 33

Country buses seek 20% fare increases

By Christopher Dunn

PASSENGERS in the Home Counties may face fare increases of up to 20 per cent. after October, following an application yesterday by London Country bus services to the Traffic Commissioners.

Nine months ago fares went up by 10-15 per cent.

London Country, a subsidiary of the State-owned National Bus Company, wants to put fares in rural areas up by 20 per cent. and prices on urban routes by an average of 14 per cent.

Poor support by local authorities is the main reason for the price increases.

Mr. Derek Fytche, managing director of London Country, said: "The support needed by us from local authorities has not been realised by about 20 per cent. at a time when we are investing heavily in new vehicles and servicing facilities."

Mr. Fytche said that the network which is showing an operating loss of over £2m. a year, asked Home Counties councils such as Kent, Surrey, Hertfordshire and Essex for £3.5m. in subsidies.

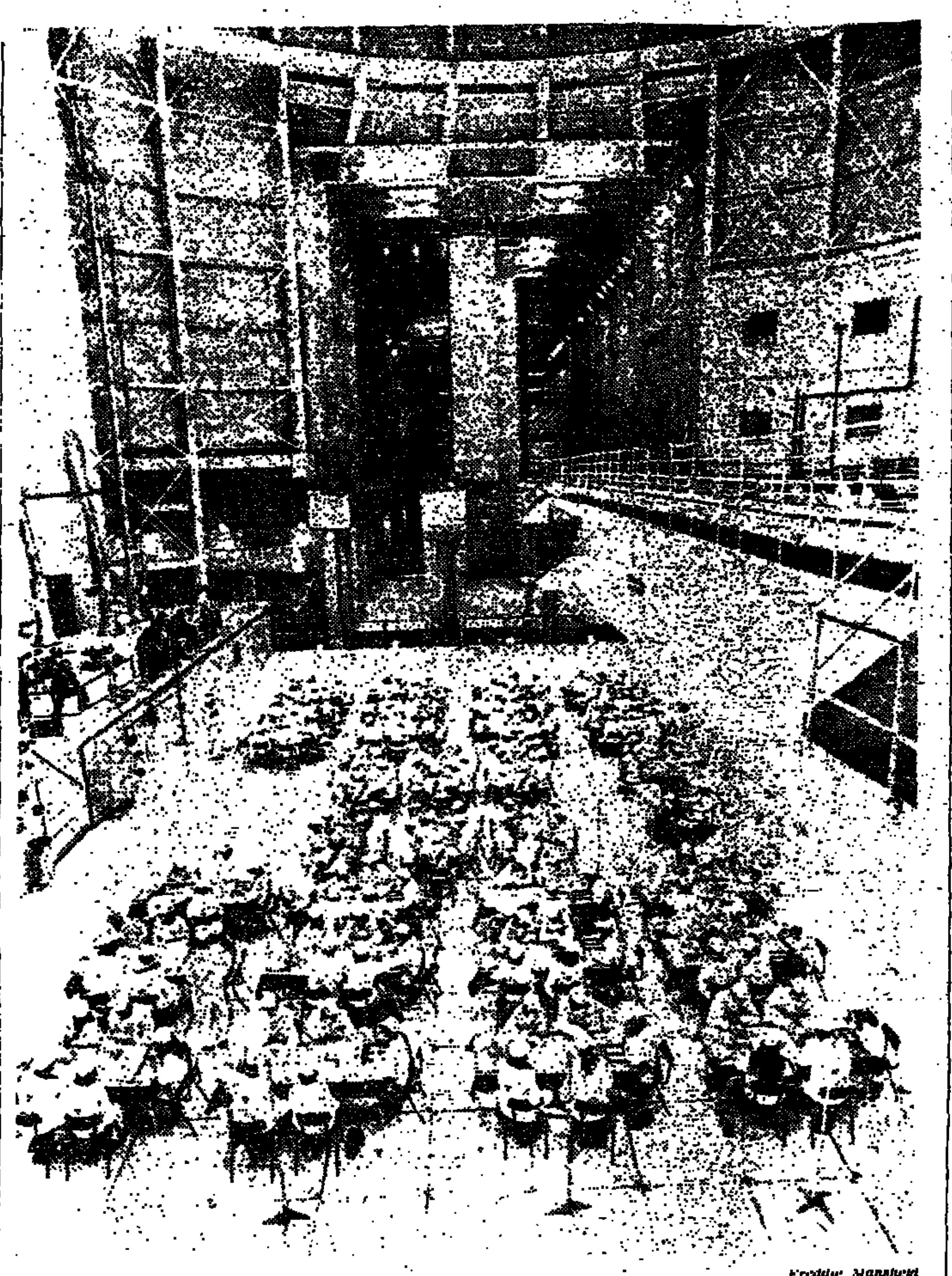
"We regret very much having to make this application for higher fares," Mr. Fytche added. "But we are required by the Government to break even." He added that London Country Bus was also facing higher operating costs as well as a shortfall in revenue on some routes.

Under the new fare structure, passengers on rural or uneconomic services will have to pay more than travellers in urban areas.

"However socially desirable rural services are, in some cases they cost twice as much as the fare revenue to operate," Mr. Fytche said.

The introduction of higher fares for rural bus services comes three months after the publication of the Transport White Paper, which stressed the importance of services and called for extra financial support for country bus services.

National Bus Company said last night that "it was not beyond the bounds of possibility" that other bus companies would also lodge applications for fare increases because of poor support from local authorities.



Freddie Mansfield

With one eye on the geiger counter and the other on the dice, 120 qualifiers yesterday played the first two rounds of the British Monopoly Championship—on a live nuclear reactor pile.

For the winner of to-day's final rounds, in which the last 12 are competing, the gambling will not be over. He will represent Britain at the world championships to be staged next month in Monte Carlo.

The organisers of the British championship, Waddingtons House of Games, chose the nuclear pile at the Oldbury-on-Severn power station near Bristol as the venue to correspond with one of the properties on the board, the Electric Company.

Which was tough luck on the contestants, each of whom had to don protective clothing before settling down to the game and go through a decontamination wash afterwards.

But things could be worse. In some future year, no doubt, Waddingtons will become inspired by the square marked "Go to jail."

Aberdeen strike will hit oil rigs

By Our Aberdeen Correspondent

ABERDEEN, the U.K.'s premier oil rig supply boat base for the North Sea, is likely to remain at a standstill until Monday because of a dockers' dispute.

The stoppage will have an immediate effect on cargo scheduled for delivery to offshore installations, as operators will have to re-route through Norway or Holland, or cancel shipments.

Yesterday, however, the dockers in dispute with their employers, Aberdeen Stevedoring, over the 12-month pay rule, were trying to ensure that no other British port would handle boats diverted from Aberdeen.

The dispute began after submission of a wage claim backdated to the end of Stage Two, which dockers said would happen at the time of signing their present agreement last December.

According to port employers, however, this would breach the Government's guidelines on pay policy. They felt that the new agreement should start from the end of the present agreement on December 5.

A complete stoppage of work at the beginning of the week resulted from the employers' refusal to accept the dockers' overtime ban and work-to-rule in support of their claim as "normal working."

Mr. Mel Kennan, TGWU docks officer, said yesterday: "The men are prepared to work on the normal 8-to-5 rota, but not overtime, and the employers say it's normal work according to custom and practice or nothing. The ball is in their court."

Aberdeen Stevedoring said: "It all hinges on pay. If the Government were to review the situation so that we could raise pay before the 12 months are out, we would do so. At the moment we are stopped by Government legislation."

Also caught up in the stand-still are the P & O Orkney and Shetland services which returned to normal only a week ago after a strike by Merchant Navy officers and are crucial at this time of the year for the islands because of the export of cattle and sheep to the mainland.

New way to look inside the body demonstrated

BY DAVID FISHLOCK AND PETER CARTWRIGHT

POWERFUL new method of medical diagnosis which may allow the doctor to look deep into the body without exposing it to harmful radiation such as X-rays was demonstrated to the British Association meeting at the University of Aston, Birmingham, yesterday.

The technique, described by Dr. P. Mansfield of the University of Nottingham, produces clear images of different kinds of living tissue, differentiated by the amount of water that the tissue contains.

Grey matter, for example, contains nearly 90 per cent. water, heart muscle 80 per cent., the liver about 70 per cent. and bone only 15 per cent.

But other factors influence the water content of tissue, including illness, nutrition and age, so water distribution measured in this way might become a valuable supplementary aid in diagnosis, Dr. Mansfield said.

His technique, called nuclear

British Association meeting

magnetic resonance (NMR), involves placing the tissue to be "imaged" within a strong magnetic field. Because of the presence of water molecules, the tissue becomes weakly magnetised. The strength of the induced magnetism depends on the density of water molecules present.

NMR imaging is essentially a way of measuring variations in the strength of magnetism induced across a section of the body. Dr. Mansfield showed an NMR image of a cross-section of a colleague's finger, built up by line-scanning, displaying "almost textbook anatomical detail of the soft tissues and bone." Nerves, artery and bone marrow could be seen.

He also demonstrated that it was possible to differentiate clearly between normal tissues and tumours.

His department had plans, he said, to expand the NMR technique for whole-body imaging of patients, with the support of the Medical Research Council.

Drug research making progress'

SIMPLE calculation showed it was highly unlikely that large-scale investment by a drug company in anti-cancer drugs would ever pay off, a Medical Research Council scientist told the meeting.

The reason, said Dr. T. A. Connors, director of the council's Toxicology Unit at Carshalton, was that cancer consisted of a whole class of diseases—perhaps more than 100— and experience had shown that a drug that was effective against one might be without effect on another.

British baked bean hopes

BRITISH variety of navy bean to reduce annual imports for making baked beans in tomato sauce by 80,000 tonnes was being sought at the National Vegetable Research Station, at Wellesbourne, Warwickshire, Dr. N. L. Innes, head of plant breeding, disclosed.

Breeding techniques developed at the station varieties of bean with resistance to cold and disease had been identified from a world collection of white beans.

Cancer treatment trials 'promising'

HALF OF all cancer patients received radio-therapy—radiation treatment of some kind—as their main treatment, and half received surgery, the meeting learned from Professor Jack Fowler, director of the Cancer Research Campaign's Gray Laboratory at Mount Vernon Hospital, near London.

In 80 to 90 per cent. of cases of certain types of cancer, patients survived for many years after treatment.

About one-third of all cancer patients survived for many years, one-third died because the primary tumour was not eradicated, and another third died because cancer cells spread to other parts of the body.

Reviewing radiation therapy as an "effective way of treating the primary tumour locally," Professor Fowler discussed several new techniques now beginning to show promise, including combinations of rays with drugs or other treatments.

Preliminary results of the Medical Research Council's experiments with fast neutron beams at Hammersmith Hospital, London, were "extremely promising," especially when combined with treatment in high-pressure oxygen.

About two dozen neutron generators were now beginning to go into clinical use worldwide. But it would be "a few more years" before the relative importance of certain side-effects became clear.

Cheap solar heat potential

A BIG potential reward was waiting for someone who could devise a cheap, compact way of storing water heated during the summer by solar panels for winter use, Dr. Freddie Clarke, energy research director at Harwell, told the meeting.

Although solar heating could save about £30 in electricity bills for hot water in the average house, the cost of installing solar panels was about £500-£700—making it uneconomic.

But a 100 cubic metre water store for a three-bedroomed house to hold heat from summer to winter would improve the ratio—if it was cheap enough.

Stocked up for success

BY JOHN LLOYD, INDUSTRIAL STAFF

IT IS an irony that, just as the car market is in a buoyant mood the only manufacturers able to take advantage of the position are the foreign ones.

Hit by strikes, the British companies have been unable to stock up the showrooms to meet the demand that a new registration letter inevitably brings at the start of August. But the foreigners could—and did. And so they captured 50.76 per cent. of the market.

At the beginning of August, foreign car distributors had more than 220,000 models in their showrooms, double the number that, based on past market shares, they could expect to sell. By contrast, British Leyland had about 70,000 cars with their dealers—barely enough to cover their 27 per cent. target share.

Main Ford dealers, too, were starved of cars—the result of a three-week strike in June, and of factory closures for holidays in July and August. Ford dealers had a stock of fewer than 30,000 cars—Ford reckons 80,000 is the minimum which they should have.

Because of their supply problems, both British Leyland and Fords forecast a big market for imported cars. Ford's forecast, of an 18 per cent. market share for its models, was remarkably, if dolefully, accurate.

Overstocked dealers are under heavy pressure to sell: in the motor trade, that pressure translates itself into a readiness to make marginal deals, giving generous prices on trade-in cars in return for an assured sale. Understocked dealers, however, indulge in what is known as "selective selling"—refusing any but the most easily marketable second-hand cars as trade-ins.

Leyland, Ford and their dealers report that shortage of cars has meant very selective selling, or indeed none at all. Mr. John Barton, managing director of Brew Brothers, one of the biggest Ford main dealers, said that he had a waiting list of several hundred customers.

"Of the 300-400 cars on order, only six or seven are unsold. A customer who comes into the showroom will specify a car, and I shall tell him that he has to

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CAR IMPORTS

wait three or four months to take delivery. But he can walk into a foreign distributor and drive away."

Ford dealers are also pessimistic about being able to take advantage of any shortages which might develop in the supply of foreign vehicles. H. and J. Quick, the Manchester-based Ford dealer, which recently reported record sales, points out that demand for Ford products remains strong, but there have been constant delays in obtaining cars.

The two foreign manufacturers who have done best in August are Datsun, whose 8.4 per cent. share beat Chrysler into fifth place, and Fiat, whose 5.9 per cent share was an 88 per cent. improvement on its performance over the same period last year. Renault and VW/Audi, the next most popular foreign cars, had roughly stable shares.

Datsun attributes its success to availability and reliability. "We admit we're not up to much when it comes to style," said a representative. "But I think people associate our models with lack of trouble."

Datsun dealers in various parts of the U.K. confirm this, and often add that the models attract customer loyalty. Some Datsun customers are returning for their third or fourth models.

One Manchester Datsun dealer, who had recently switched from Leyland, said: "It makes a change not to have to deal with customer aggro any more. People come in, instead, to say how well their cars are running."

A Datsun main dealer in Glasgow, Mr. Joseph Jesner, said that his customers were not deterred by the higher price compared with a similar British car, or with the higher cost of insurance. Spares were easily available, and back-up service was good

"With a British car you are looking for a replacement engine after 50,000 miles. With Datsun, we have just about forgotten how to put a new engine in."

Datsun's most popular models are the Sunny and the Cherry, 1,200cc cars which compete in the small car market. A Cherry sells for between £2,000 and £2,418, and a Sunny for £2,269 to £2,540. At the top end of their market, the Datsun 260Z costs £6,500.

Fiat, too, is convinced that availability gives the company the edge over British manufacturers, especially British Leyland. Fiat has launched an aggressive sales campaign, stressing economy and performance. The company said it had gone far more on the offensive over British sales in the past year. "We wanted to build our share from 3 per cent., to what we feel is our natural level, at 5 per cent. of the market."

Fiat's most popular models are the Mirafiori 1300 and 1600, which compete in the family car market with Cortina and Marina. The small 127 is the next most popular model.

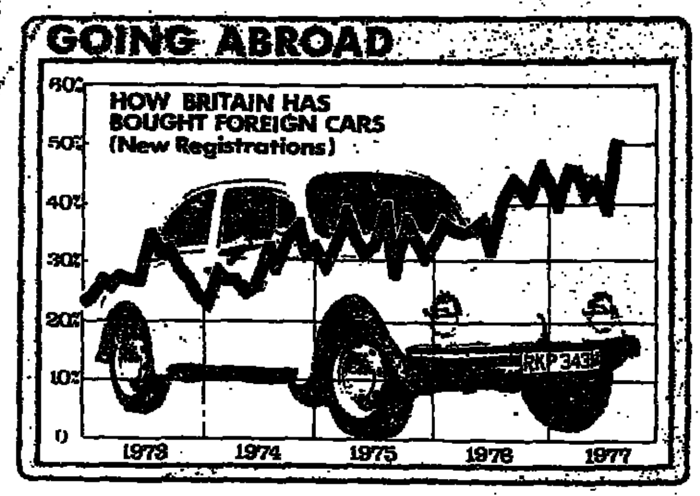
Fiat also thinks it is more price-competitive than its British rivals. A Mirafiori 1300 retails at £2,457 against a Cortina 1300 at £2,716. A 127 sells at £2,239, against a Ford Fiesta at £2,443.

Back-up service and spares are given high priority by the major foreign car companies, and all mention it as a factor contributing to their success. Each of the four main companies—Datsun, Fiat, Renault and VW/Audi—has between 300 and 350 dealers, usually exclusive. Fiat is currently boosting its dealership to more than 400.

While it is obvious that foreign manufacturers have in general managed to convince British motorists that their products are at least as good as domestic models, the Automobile Association yesterday offered some comfort to the U.K. car industry.

The AA man said that where it had long been the case that foreign cars were more economical to run than British cars, a survey by the association's Drive magazine last month showed that British cars were in general significantly cheaper.

"I think most people still believe the foreign cars are cheaper. Once the fact sinks in that our cars are by and large lighter on petrol, I expect it will have an effect on sales."



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HOME NEWS

Leyland division profits up 50%

By Kenneth Gooding, Industrial Correspondent

BRITISH LEYLAND'S specialist engineering division, Leyland Special Products, pushed profits before interest and tax ahead by 50 per cent. to £9.3m. on sales up by 34 per cent. to £103m. in the first half of this year.

One of the surprises in the results is that the Conveyancer forklift truck business, acquired for £1m. from Rubery Owen in April, made a profit of £200,000 on sales of £3.9m. since the take-over. An initial loss had been forecast.

The division promised at the time of the deal to inject a further £7m. into Conveyancer this year.

The half-year results, circulated in a confidential document among Leyland Special Products directors, show capital spending—excluding the cash spent on acquisitions — rose by 60 per cent. to £5.3m. in the period compared with the first six months of last year.

Order intake also went up by 60 per cent. This increase in orders "lays the foundation for the group to exceed its planned sales and profits for the full year," says Mr. David Abell, the managing director.

Concern

Mr. Abell warns that incipient difficulties in connection with the next phase of the pay policy are a cause for concern in some areas as is the relative strength of sterling despite a continuing high level of domestic inflation."

Leyland Special Products is the eighth largest of the U.K.'s specialist engineering groups.

During the half year its construction equipment division made a profit before interest of £2.9m. (1976: £2.8m.) on sales up from £21.3m. to £27m.

The Coventry Climax forklift truck business (including Conveyancer and Shawloader), increased sales from £9.7m. to £18.2m. and profit rose from £500,000 to £1.4m.

Prestcold, the commercial refrigeration business, saw sales jump from £21.6m. to £31.7m., and profit was up from £1.1m. to £2.4m. The Alvis military vehicles subsidiary's sales rose from £18.3m. to £20.8m. and profits at £1.9m. compared with £1.2m.

Durables top retail sales recovery

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

SPENDING IN durable goods shops rose by 8½ per cent. in real terms in July, spearheading the marked recovery in retail sales generally during the month.

New instalment credit extended by retailers also increased sharply, totalling £200m. —up from £186m. in June.

The figures were announced yesterday by the Department of Trade, which also confirmed the sharp rise in the volume of retail sales in July. Even though the revised index of 107.0 (1971 = 100, seasonally adjusted) was a little lower than the provisional estimate of 107½, it was still 3.1 per cent. higher than in June.

The recovery was concentrated in sales of non-food shops—up 5.9 per cent. in volume during the month. The department suggests that trade may have been influenced by comparatively buoyant annual "sales" and by the postponement of some "sales" this year, particularly in central London, from June until July.

Tax rebates

Apart from the jump in sales by durable goods shops back to the level of last autumn, spending on clothing and footwear rose by 8.9 per cent. in the month.

There was also a 3½ per cent. rise in sales of other non-food shops, including department stores and mail order businesses.

It is not yet clear how far the pick-up during July merely reflects the special factor of the concentration of annual "sales" spending or might mark the beginning of a more sustained revival. The rise in retailers' instalment credit suggests the start of a possible revival in consumer confidence.

Most economists expect that the income tax rebates and the improvement in the rate of retail price inflation will boost spending from now onwards, even if the recovery in consumers' expenditure may be small during the rest of 1977.

During the three months May to July, the volume of total retail trade was 1 per cent. higher than in the previous three months. Spending in durable goods shops was up 4 per cent. but sales by clothing and footwear shops were little changed.

In July, the total value of retail sales was 16 per cent. more than a year earlier, on the basis of non-seasonally adjusted data. During the first seven months of the year the average value of sales was up 14 per cent.

Although lending by retailers showed a marked increase during July, finance house advances were virtually unchanged after an earlier rise.

Between May and July total advances by finance houses and retailers were up 3 per cent. on the previous three months, with finance houses' lending 4 per cent. higher and lending by retailers up by 2 per cent.

HIRE PURCHASE CREDIT AND RETAIL SALES
(seasonally adjusted)

	New credit extended by Finance houses £m.	Retailers £m.	Total debt outstanding (unadjusted) £m.	Retail volume (revised) Total (1971=100)	Durable goods shops
1976 1st	340	502	2,297	107.3	119
2nd	382	491	2.363	107.6	122
3rd	393	524	2,465	108.9	128
4th	420	558	2,662	108.5	128
1977 1st	460	557	2,737	105.0	118
2nd	489	568	2.865	103.9	119
January	135	189	2,661	106.7	123
February	157	185	2.691	105.7	120
March	168	183	2.737	103.1	111
April	154	195	2.782	103.4	121
May	171	187	2.836	104.4	116
June	164	186	2.865	103.8	119
July	163	200	2.906	107.0	129

Source: Department of Trade.

World economy model released

BY DAVID FISHLOCK, SCIENCE EDITOR

A COMPUTER model of the world's economic system and use of natural resources, named SARUM 76, has been released as a report by the Department of the Environment, as its answer to the much-criticised efforts of the U.S. authors of Limits to Growth.

That report, published in 1972 by the Club of Rome, was the first major attempt at world modelling.

Results of applying the model to specific problems are promised by the Department "in due course." It is releasing the model in advance of a Royal Society meeting on October 3 on the subject of "Future research and the System Analysis Research Unit model (SARUM)."

SARUM 76 is designed to answer questions of the type: "What will be the consequences if we adopt this policy option?" How accurately it will answer, say the authors, depends on whether the structure is an accurate representation of the economic system, and on the accuracy of the data.

The model can also be used to discover whether a particular objective is possible within a given time.

SARUM 76 is already used by two organisations abroad, the International Institute for Applied Systems Analysis near Vienna, and the Australian Government in Canberra.

Mr. Peter Roberts, head of SARUM, in an introduction advises that the "futures" aspect of the model should be played down at this stage. It was more important to establish the validity of the data base and relationships.

SARUM 76 Global Modelling Project, research report 19. Department of the Environment and Transport, £15.

Thatcher to meet Carter next week

MRS. MARGARET THATCHER, who left London yesterday on a nine-day visit to the U.S., is to meet President Carter for talks at the White House on Tuesday.

During her visit to New York, Houston, and Washington, the Conservative leader is to meet other members of the U.S. Government, including Mr. Harold Brown, Secretary for Defence, Mr. James Schlesinger, Secretary for Energy, and Mr. Andrew Young, Ambassador to the United Nations.

In Washington, where she will stay at the British Embassy, as guest of Mr. Peter Jay, the Ambassador who is the Prime Minister's son-in-law, Mrs. Thatcher will have talks with members of the House of Representatives' International Relations Committee and the Senate Foreign Relations Committee.

She will also have dinner with Dr. Henry Kissinger, the former Secretary of State.

Mrs. Thatcher, who is accompanied by her husband and Mr. Adam Butler, her Parliamentary Private Secretary, will meet business and labour leaders and is to be interviewed for three television networks.

More Home News on Page 33

Transport policy 'tinkering' attacked

By Christopher Dunn

THE GOVERNMENT'S approach to transport policy was severely criticised yesterday by Mr. Shaun Leslie, chief economist of the British Road Federation.

He accused the Government of failing to get to grips with all the main transport issues while "going to great pains to tinker with the trivia."

The Government's White Paper on transport policy was a "watery creature," which failed to demand sufficient resources for the transport sector, Mr. Leslie told a symposium at Birmingham.

The White Paper's most glaring inconsistency was the statement that car and lorry traffic would inevitably increase, while money for road building and maintenance would be reduced.

"By 1980, money spent on roads will be less than this year, an amount which is already at its lowest real level for more than a decade."

Housing output rises a little in April-June

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

A BROADLY-based but modest improvement in construction output was achieved in the second quarter of this year, according to provisional Government figures released yesterday.

The Department of the Environment calculates that the value of all construction work undertaken by contractors in the April-June period rose to £3.35bn., against £3.08bn. in the first three months of the year, a 1 per cent. increase when measured in constant price terms.

The industry's workload, however, was 9 per cent. lower than the level recorded over the same period 12 months before.

The latest figures will be regarded as moderately encouraging, although the industry sees little prospect of any significant improvement in its fortunes over the next year to 18 months.

All the indications are that output of new building work this year will fall by about 5 per cent. from the 1976 level, which was itself 4 per cent. down on the previous 12 months. Another reduction in work levels, possibly of about 4-5 per cent., is also expected next year.

Depressed

The latest figures show that private housing output in the second quarter perked up quite considerably. On a constant price basis, contracts carried out were worth 6 per cent. more than in the first three months of the year, although they remained 17 per cent. down in value when compared with the second quarter of last year.

Public sector housing output remained depressed. New work output in the second quarter was 2 per cent. down on the preceding three months and 22 per cent. below the levels recorded a year earlier.

Other figures from the Department showed that total housing starts in the May-July period were 15 per cent. up on the previous quarter, although they were still 21 per cent. lower than in the same period of 1976.

Total completions also showed an improvement of 2 per cent. over the preceding three months, but were 5 per cent. down on a year earlier.

The Government statistics show that private sector housing starts in May-July rose by 5 per cent. over the previous quarter but were still 17 per cent. lower when compared with the same period of last year.

Completions were 1 per cent. higher than in the preceding three months but 5 per cent. down on the May-July period last year.

In the public housing sector, starts showed a 24 per cent. increase on the earlier quarter but were down by the same percentage compared with the same period last year.

Public sector completions were 3 per cent. higher than in the previous three months but 5 per cent. down on May-July last year.

Away from the housing sector, public works output in the second quarter showed a 5 per cent. fall from the first quarter of this year and was, by value, 18 per cent. down on the output levels achieved in the second quarter of last year.

New private industrial output was 3 per cent. down on the preceding quarter but showed no change from the same period of last year.

New private commercial work showed a 6 per cent. rise in value over the January-March period of this year, although it was 7 per cent. lower than in the same period last year.

Tory attacks State building proposals

BY PHILIP RAWSTORNE

LABOUR PARTY proposals for the partial nationalisation of the construction industry would destroy thousands of small building companies, Mr. Keith Speed, Tory spokesman, said yesterday.

The policy statement issued by Labour's National Executive Committee was "yet another body-blow to the industry's confidence which has plummeted to an all-time low under the present Government," he said.

Mr. Speed said: "In calling for a major extension of direct labour run by local councils and the partial nationalisation of the building industry, they are proposing solutions which will do nothing to revive the flagging output of builders, but will instead increase the unfair competition they have to contend with from direct labour departments.

"Because the Government has refused to introduce new rules to improve the accounting, tendering and efficiency of direct labour departments we have no way of telling whether they are efficient or not.

"Instead of toying with fanciful schemes to increase empire-building in the public sector, Labour should concentrate on ensuring that existing public sector building is giving value for money, which in many cases at the moment it is clearly not."

Tourist drive

A CAMPAIGN is being launched in Cornwall to attract more West German visitors next summer.

Union equality on pension boards attacked

BY ERIC SHORT

GOVERNMENT proposals for appointment of trade union representatives to the boards of trustees of pension funds, on equal terms with management, were attacked last night by Sir Robert Clark, chief executive of the Hill Samuel Group.

He was speaking at a dinner in Scotland to mark the 2nd anniversary of the founding of Scottish Pension Trustees, a subsidiary of Hill Samuel's pension consultancy, Noble Lowndes. Sir Robert said that the proposals were misguided, inappropriate and even more dangerous than the Bullock Committee's recommendations for representation on boards of directors—and those were disastrous enough.

Sir Robert said that the trade union movement had been extremely vocal in its criticism of institutional investment policies and many unions believed in direction of funds into new projects.

Skilled job

They could not complain if the view was taken that their anxiety to have the right to appoint trustees was not wholly unconnected with their desire to carry out political policy with regard to investments.

The Hill Samuel Group has £1.34bn. of funds under management of which almost £750m. is pension scheme money. The investment management of pension funds was a highly skilled and specialised job.

Mr. Ian McIntyre, managing director of Noble Lowndes, told guests that out of 1,059 clients approached so far, 812 had decided to contract out of the new state scheme starting in April and only 247 had decided to stay in. This could be taken as a national trend.

North Sea oil slick breaking up

By Ray Dafter, Energy Correspondent

A NORTH SEA oil slick, covering about five square miles, was breaking up last night in heavy seas.

The slick was caused by an accidental spillage of 3,000 barrels of oil from the Amoco group's Montrose Field, 130 miles east of Aberdeen.

Amoco said last night that there was no danger of the slick causing coastal pollution. Special clean-up vessels were on standby, but the slick was breaking up naturally.

'Enforced idleness as bad as unemployment'

BY ERIC SHORT

WARNINGS of demographic pressures on unemployment over the next decade were given in London by Lord Houghton of Sowerby, former chairman of the Parliamentary Labour Party yesterday at the first day of a Financial Times and Money Management conference on Pensions next year.

He pointed out that the number of people over 65 was expected to remain stable for the next 25 years at about 9½m. But the forecast growth in the number of those aged 18 to 24 would result in an increase of over 1½m. in the available work force during the next decade with a further rise of about 500,000 by 1991.

With 1½m. people unemployed, there should be no surprise over trade union demands for a lowering of retirement age for men.

But Lord Houghton considered that such a move could result in enforced idleness for many workers that would be as bad socially and psychologically as unemployment. It would be defeatism to persuade older male workers to exchange one form of idleness for another.

Future costs

The problems could be dealt with only by massive increases in public expenditure. The private sector, while having a large part to play, could not possibly cope alone.

That meant boosting industry and technology by all possible means, providing generous awards for creative endeavour and making adequate provision for retirement.

Although pension fund managers had to be prudent with other people's money, more depended in the longer term on capital investment in industry than investment in luxury flats, shops and offices.

Mr. E. James, division head of Social Security and Social Protection at the Commission of the European Communities, outlined the position at the EEC and the work of his department. There were five main areas of social security policy receiving attention.

EEC policy on social security was not aimed at introducing a standard system of social security to be imposed on all members.

Strict harmonisation would be counter-productive and standardisation could inhibit progress and experimentation by individual member countries. It was felt that harmonisation should be confined to the setting of minimum standards and tidying up loopholes.

On equality of treatment between sexes, the EEC was proposing to issue a directive, the first in the social-security sector, to abolish overt discrimination in public and private fields.

It would, among other things, allow women to build up pension rights during periods in which they were not actively employed, such as bringing up a family.

Pensions legislation in the U.S. was discussed in detail by Mr. George Swick, chairman and chief executive of George B. Buck Consulting Actuaries. He described the Public Retirement Programme under the Federal Old Age Survivors and Disability Insurance and he listed the benefits, the coverage, and the present and estimated future costs.

Mr. Swick gave considerable prominence to The Employee Retirement Income Security Act of 1974 (ERISA) and its consequences to employers and employees. He described the benefits standards required to comply with the Act and the reporting and disclosure requirements.

He said that part of the Act could lead to conflict between the opinions of the public accountant on the financial aspects of the Pension Plan and the actuarial statement prepared by an "enrolled" actuary.

Finally, he dealt with the impact of ERISA on pension arrangements of U.S. companies in a multinational organisation, and concluded by outlining briefly other legislative problems within the U.S. affecting pension provision.

How the British social security system affects the approach of multinational companies' pensions policy was the theme of the address by Mr. R. B. Ellis, group personnel director of C.P.C. (United Kingdom).

The days had long since past when policy was based on what was done at head office. Now emphasis was placed in providing benefits that were comparable with those provided by other good employers.

Most multinationals tended to follow the lead set by the more progressive companies. In directives on policy from head office much more concern was given to the financial aspects of pension policy than say benefit levels.

As such, integration with the state social security system was generally a strong element in such policy. In that respect, multinationals are surprised that in the U.K. most occupational pension schemes were not integrated with the state scheme or else it was done on an inadequate basis.

Mr. Max Lander, a partner with consulting actuaries Duncan C. Fraser, and the immediate past chairman of the National Association of Pension Funds, dealt with the problems facing an employer on deciding whether to contract out or stay in the State scheme.

He discounted arguments that it could be administratively simple and financially cheaper to stay. Having made a decision, employers should be bold and stick by their choice.

Mr. Lander felt that there would be plenty of time to reconsider such decisions, since there was every likelihood of further pensions legislation that would affect their decision.

The use of pension funds as a source of internal company finance was discussed by Mr. Dryden Gilling-Smith, managing director of Employee Benefit Services who said that the company pension scheme was a mini tax haven within the U.K. and employers should treat their pension fund as such.

He advocated splitting pension schemes to maximise the return on investments and to minimise the impact of Government and trade union influence and supervision.

Mr. Michael Pilch, a director of Noble Lowndes and chairman on the first day of the conference, was concerned with the challenges that faced the pension industry next year.

One was the battle against bureaucracy with its inevitable time-wasting procedures that did little to help the industry.

Another was a need for far better communications within the pensions industry. It did not necessarily mean providing more information to members but give them better information in a form they could understand, Mr. Pilch said.

Finally, he said there was a need to instil a sense of responsibility in the wider field of retirement problems so that pensioners did not feel a sense of being unwanted.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● INSTRUMENTS

Plant data clarified

E TO replace a roomful of hanical counters and manual itoring is an electronic count l time data system from erline Angus, available in the K. from International Instrunts, Cross Lances Road, unslow, Middx. (01-572 5511). e system counts events such the closure of switches and l also record, accumulated e, such as the "on" time of tches. Up to 248 channels can monitored in this way by unit. If desired, two nnels can be assigned to switch to give a simultaneous ord of events and the time for ch they occurred. As output e machine, called DE2100, proes on a front panel printer a ulated listing by channel of al performance for the last ute, hour, eight hours, or

operating through a microcessor, the front panel keyard allows the user to set annel number and function, timing functions, data output times, counter reset intervals and output to display and recording. Any channel can be called up on an eight digit LED display.

Outputs can be connected to external devices such as paper or magnetic tape recorders. Furthermore, using the keyboard, alarms can be set on individual channels. Alarm outputs consist of pilot relay closures and red print-out with an appropriate symbol to indicate high or low alarm.

The machine can count at up to ten events per second per channel and the event signal voltage range can be between 4V and 144V.

Typical applications in a production environment would include counting good and bad parts and the product produced per shift, totalising each machine's operational and down time, giving alarms to pin-point out of tolerance, out of stock or similar problems, preparing statistical summaries.

Bug-free flowmeter

MED particularly at the ry, brewery, wine, spirits and cessed food industries is a meter from Euromatic chine and Oil Company known the S2.

the meter is simple and quick instal, equally quick and ple to dismantle for routine aning and inspection and is tterly foolproof" to reemble, there being no need special tools or equipment.

There are only three main its: the body and two bearing pports. The latter are held nly in position magnetically d so can be removed in a ond or two since there are screws to deal with. The turbine rotor easily slides into the bearings but cannot be wrongly inserted since each end has a different diameter; the bearing supports are similarly machined with different diameters.

Designed for the latest "cleaning in place" techniques, the meter has bearings that are unaffected by acids or saline solutions. Also, by designing out circlip grooves, undercuts, shoulders and other crevices, bacterial growth points have been virtually eliminated. The meter works into any of the Euromatic electronic read-out units. More from Cross Lances Road, Hounslow, Middlesex (01-570 7774).

Meter on a chip

NE OF Intersil's latest procts, a single chip digital panel ltmeter is available in this untry from Rapid Recall, 9 tterton Street, London WC2H S (01-379 6741).

The chip is said to be the first combine both the analogue d digital functions of a high rformance digital voltmeter thin a single integrated circuit ckage. All that is needed to ake a meter is the chip itself, ur resistors, four capacitors d a display (display drivers e on the ic). The resulting instrument will have automatic polarity switching, zero setting and over-range indication.

Rapid Recall will supply all the items for an LCD meter for £21.56 (kit 7106) or for £17.96 with LED (kit 7107). Component values supplied with the kit are for a 200 mV fsd meter, but substitution for one capacitor and two resistors will produce 2.0 V fsd.

The chips employ dual slope conversion technique to provide an accuracy of 0.5 counts within temperature limits of 10 to 50 degrees C.

Circular chart unit

IMED at the process industries here such devices still enjoy nsiderable popularity is a twoen circular chart recorder put the market by Robertshaw.

There are various input tions. For example, a millilt input can be used for temrature recording from thermouples, while current inputs can utilised from components such pressure and differential pressure transducers.

Temperature recording can be effected from resistance bulb sensors, and for pressure, where no transducer is involved, the recorder is operated by a bourdon element direct from a pressure tapping point.

Some models are servo driven and on these up to four alarm printed boards can be mounted on the upper chassis rail so that the unit can be used to perform limited control functions such as plant sequencing control. More from Greenbey Place, East Gillibrands, Skelmersdale, WN8 9SB (Skelmersdale 23671).

● TEXTILES

Bigger yarn packages

HEN THE first open-end spig machines were introduced the trade they were built to duce packages of yarn that uld immediately be used in bsequent processes without the ed for rewinding.

To squeeze as much as possible m a given space the machines d a narrow gauge—distance tween spinning positions—but s resulted in relatively small ckages of yarn being proced.

Platt Sach Lowell (P.O. Box 55, ferington, Lancashire, BB5 N. 0254 382101) has experced this problem. Although ere has been criticism of the rallel wound packages they ve come to be widely accepted spite the fact that a weight of ly about 2 kg. of yarn could be ound up on them. Now the comny has resolved this difficulty introducing a new version of single-sided Rotospin machine odel S83.

By increasing the gauge of the machine from 130 mm. in the original to 210 mm. in the new machine, it has meant a reduction in the total number of spinning positions from 100 to only 72, but in terms of package size the machine will now produce yarn packages of 4-4.5 kg.

By producing yarn packages that are larger and by having a greater distance between spinning positions, the S83 will now accept bigger capacity cans for the input sliver, while the packages are being wound with a traverse of 150 mm. This means that count-for-count the new version of the frame will need to be doffed and to be fed with supply cans of sliver far less frequently.

Everything else remains the same, with the maximum fibre length that can be processed remaining at 60 mm. and the normal commercial yarn count range being 2s-16s cc, while rotor speed is 60,000 rpm.

This 53ft ferrocement schooner hull is being given a water-based epoxy resin coating which not only "dry cures" the mortar but also acts as a waterproof primer. The coating material is produced by Unibond of Camberley, Surrey, and it is applied to the ferrocement mortar immediately after the latter has been applied to the vessel's steel and wire shell. This "dry cure" treatment was developed with the assistance of Samson Marine South Coast, Newton Ferrers, Plymouth.

● METALWORKING

Punches and notches

COMBINING PUNCHING and notching heads on one machine, the Duet is the latest in the range of Arkadia sheet metal tools made by Rainer.

Sole power requirement is a standard 80 psi air line. The common power unit provides up to 40 tons thrust and up to 100 strokes/minute. The notching head produces a 90 degree notch in a single stroke using two blades. For notches of less than 90 degrees, two strokes are made using a single blade. Maximum length of cut is 150 mm, in a maximum material thickness of 3 mm. There is a regrind allowance of 5 mm on each blade.

A tool changing mechanism on the punch side of the machine allows a punch and die set to be changed in under 20 seconds. The punch head has a throat depth of 250 mm, and maximum diameter that can be punched is 60 mm.

Marketing is by RK International Machine Tools, Europa Trading Estate, Fraser Road, Erith, Kent (01-304 8411).

Tiny flame for welding

MADE BY Tescom in the U.S. and marketed in this country by The British Rototherm Company is a miniature welding torch not much larger than a fountain pen.

With tip orifice sizes down to 0.003 in the torch is able to achieve flame temperatures up to 6,300 degrees C. Orifices are jewelled for precise flame control and the torch is able to cope with the majority of "weldable" metals and alloys ranging from 0.001 in wire to 16 gauge sheet. It can also successfully be used for welding other materials including glass and ceramics. Soldering and brazing jobs can also be performed.

The unit, known as "The Little Torch," has a body made from aluminium alloy and the five interchangeable tips can be swivelled through 360 degrees for maximum user convenience.

The company believes that the unit will be used in areas where, in the past the use of torches has been precluded due to the risk of heat damage to adjacent components. Likely applications are in general, electrical and electronic engineering, dentistry, medicine, and jewellery manufacture. More on 0656 740551.

● SPORT

Tyre with a soft touch

NOW being introduced by Avon for trials motor cyclists is a tyre which is of an unusual three-ply construction, with one radial ply built over a two-ply cross-ply casing. With this type of construction, says Avon, extremely low pressures can be used throughout competitions.

The company left the trials scene several years ago when it was producing a four-ply trials tyre which could be used at about six psi.

Avon says the latest tyre, called the Mudplugger, allows the average weight trials rider to use pressures as low as 2½ psi. At such low pressure, the tread remains open, the casing doing the work, thus affording extra grip on difficult surfaces.

The tyre is being produced at Avon Tyres' factory at Melksham, Wilts. (02216 3911).

● HANDLING

Garments kept moving

EQUIPMENT imported from the U.S. for transporting and sorting completely or partly finished garments in the clothing industry is now being marketed in the U.K. by F.T. Engineering.

Devised by the Railex Corporation of New York, the equipment is based on a conveying system in which hooks are suspended by nylon-tyred wheels from a tubular track which can be arranged to cover all the work stations in the factory.

When individual tasks are completed on a garment, the latter is placed on a hook coded to travel to the next manufacturing stage. When completed the item is routed to the despatch department from whence it can be directed to the appropriate delivery vehicle.

More information about the equipment (called Dispatchermatic) can be obtained from F.T. Engineering at 55 High Street, Frimley, Camberley, Surrey (0276 62044).

● BUILDING

Handbook to reappear

A NEW edition of BS Handbook 3, the Building Handbook, is to be published in December. It last appeared in 1975.

The handbook will contain summaries of over 1,300 British Standards, Codes of Practice and Drafts for Development relating to construction and the Institution says summaries will be sufficiently detailed to act as a basis for preparing drawings, bills of quantities, specifications and for checking deliveries.

The book will consist of four, loose-leaf volumes, each of 600 pages in ring binders. There will be an updating service—two or three packs of amended pages will be issued each year. Cost will be £60, plus £24 for a year's supply of addendum packets. Enquiries to Sales Dept., BSI Newton House, 101 Pentonville Road, London N1 9ND.

● TRANSPORT

Rail track task in Hong Kong

FIRST trials of two locomotives for use in the construction of the Hong Kong mass transit underground railway have been carried out in Leeds.

The 20-tonne battery-electric locomotives, named Henry Boot I and Henry Boot II, are to be used by Henry Boot Construction on its current Hong Kong contract. Henry Boot is to design, manufacture and, in joint venture with Gammon (Hong Kong), instal the track network for the initial railway system.

Manufactured by Greenbat of Leeds, the locomotives have been designed to lay 90-metre lengths of continuously welded rail in the close confines of a single-ended tunnel. These long lengths of rail will be passed over the shoulders of the locomotives from hauled bogies and laid ahead.

After being used for track laying, the locomotives will be used for maintenance duties on the fully operational system. For this application they are suitable for driving in tandem by one driver.

Each unit is self-contained with its own battery charger and compressor and is designed for use as a stationary power unit.

● COMMUNICATIONS

Talk-back afloat

SPEECH intercommunications systems with decentralised control ruggedly designed for marine use are offered by Barkway Electronics.

Each master station utilises six CMOS integrated circuits and an eight watt integrated circuit amplifier. There are two versions able to make five or 10 calls respectively, and a single-call sub-unit. These stations can be intermixed in any arrangement of master and sub station, ranging from a simple talk-back system using a five-way master station and up to five sub units, to a full intercom system using the five- or 10-way master stations.

The five-way unit is aimed at the fishing and larger sailing motor yacht market, the ten-way unit at larger vessels. All the units have flashing visual indicator call queueing and tone call warning signals and the master units have a "station engaged" signal.

Designed to work in the worst possible maritime conditions, the units have 6 mm thick nylon coated enclosures and will operate under considerable supply voltage variation. More from the company at Royston, Herts. (076384 666).

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VENEZUELA

Bleak outlook for the Andean farmer

By JOE MANN, Caracas Correspondent

A FARMER in rumpled khaki and a creased straw hat herded his two reluctant cows along a highway hewn out of towering, green mountains that form part of the Venezuelan Andes. To his right, a wall of thick foliage shot up abruptly toward an invisible summit. To his left the slope fell off savagely toward a seemingly bottomless valley, a grassy precipice out of which rose the muted roar of a far-away river.

In his mid-fifties, wrinkled, tanned and tired, the farmer—whose name was Rondon—shares the fate of most Venezuelans living in the awesome rural beauty of the Andes: he is a poor man in a poor region, with meagre hope for improvement. His cash earnings are, in terms of industrialised nations, meaningless, for his life is dedicated to little more than subsistence farming. But his lot is far better than that of farmers who work the poor, rocky soil of the higher Andean slopes, where hunger, disease, malnutrition and mental retardation affect many of the indigent.

The petroleum boom in this South American republic, and hundreds of millions of pounds in government poverty aid and agricultural credits designated for the provinces, have not reached Sr. Rondon or his family.

But Sr. Rondon expresses no bitterness, no envy. "I haven't seen any (government) money around here, and I'm not interested. Once you get into debt then they've got you trapped."

Although the petroleum-rich government of President Carlos Andres Perez has launched a number of projects aimed at improving the lives of Venezuelans in the Andean states of Merida, Tachira and Trujillo, a recent visit to Merida state showed scant improvement since the Perez administration took office in 1974. In Merida state, with a population of over 400,000, small to medium-scale agriculture and tourism continue to be the economic mainstays. Tourism has grown steadily in recent years as middle-class Venezuelans from the urban centres look for new places to spend their money. But most of the tourist money remains in the provincial capital, and the general tone of life in the agrarian sector remains dreary.

Sr. Rondon seemed pleased to stop and chat with someone driving from Caracas, over 600 kilometres to the north-east. The farmer had never visited Caracas, and other tourists travelling from Venezuela's affluent capital on the well-paved Trans-Andean Highway unconcernedly glided by the campesino in their Fords (£8,500 apiece), headed for a holiday in the resort city of Merida.

While his cattle grazed by the roadside under a warm, mid-day sun, Sr. Rondon talked easily about his life in the plain accents of an Andean peasant. As a small farmer, living in the temperate zone of the Andes, he raises a few vegetables and cattle, enough to supply his family of eight with food year-round. When asked how many head of cattle he owned, the short, sinewy man looked away, saying: "I'm ashamed to tell you how few I really have."

Farther west on the Trans-Andean Highway beyond Sr. Rondon and his cows is the state capital of Merida, a city of over 85,000 people founded in 1558 by a Spanish conquistador. A thriving tourist industry and the University of the Andes, a state institution with some 22,000 students, provide the core of an active economy for the city of Merida, and support a sizeable middle-class that lives in luxurious, colonial-style modern homes. Merida offers visitors good hotels, scenery and parks galore, fresh trout and a panorama of permanently snow-capped peaks that flank the city's eastern side.

But upon leaving the modern provincial capital, one immediately finds Venezuelans who belong to another age. In the high, cold and often misty village of Mucuchies, farmers hump their way through rocky glutted fields using a wooden plough drawn by oxen. Their wheat or potato crop, if successful, will provide food for their families and perhaps a surplus to be sold at the local market.

Mucuchies is a story-book village, set near the perpetually cold zone of the high Andes. Its homes are of plaster, wood and mud, warmed by small stoves. Surrounding many of the crumbling houses — some painted in gay colours—stand row after row of low, bleached stone walls, a dizzying pattern of grey lines guarding stony fields.

The people of this village are a constant source of wonder to the tourists passing along the main road. But to the residents of Mucuchies, who stare blankly at most of the passers-by, their quaintness is lost.

Even here, though, the thetic society has e[...] people's lives. Early i[...] morning, peasants wal[...] sinuous roads from villa[...] village. In the more l[...] areas, they carry [...] shoulder bags bearing dif[...] designs. The bags are present, employed by women and children for [...] ing lunches, goods for m[...] books, whatever.

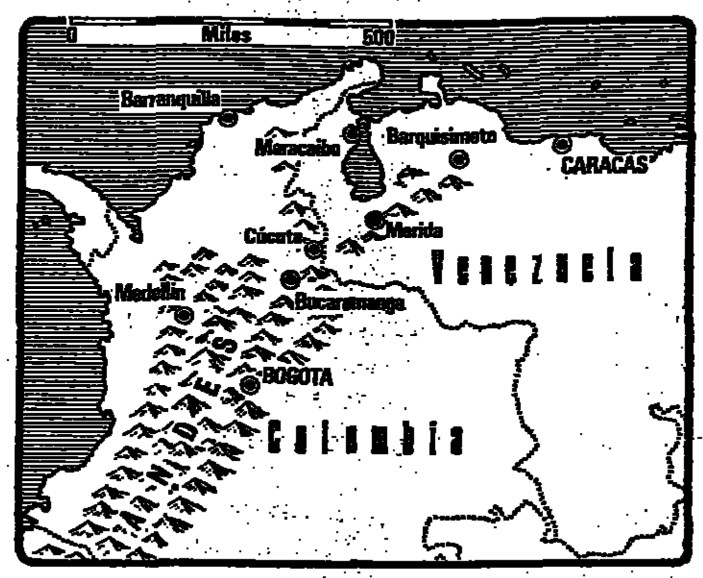
But near the prov[...] capital, the woven sacks [...] way to bright, orange [...] bags, some of which car[...] emblem of a superm[...] chain.

In Jaji, a typical A[...] village lodged in cloud-co[...] mountains near Merida, Government has refurbish[...] town square in order to [...] tourists outside Merida, the square itself (inva[...] called Bolivar Square, a[...] all main plazas in Vene[...] looks a little too clean and to be authentic, the tast[...] restored cathedral, police [...] fecture, homes and bo[...] (general stores) nicely ca[...] a quality that is fast disa[...] ing in Venezuela —the Sp[...] colonial influence.

Tourists do indeed com[...] Jaji in goodly numbers, though it is out of the way [...] have brought a degree of [...] perity to some of its resi[...]

Outside the carefully gro[...] main plaza, though, one see[...] same shanties, decaying [...] ings and gully-streets that [...] the constant reality [...] Venezuela's rural poverty. [...] effects of Government re[...] are visible, but they have [...] been capable of reversing [...] trend of rural poverty.

What are the prospects [...] improvement in the re[...] Tourists and Government [...] jects will continue coming [...] Merida, but local residents [...] pessimistic about real ch[...] The bulk of the Governm[...] funds is already earmarked [...] a number of important pro[...] in other regions. And Venezuela's big indus[...] schemes eat up more and [...] capital in the years to com[...] seems unlikely that aid [...] certain rural sectors—Merida—will be increased. [...] Merida resident summed up [...] feelings: "Did you ever s[...] Bolivar roll uphill?"



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TUC '77 BLACKPOOL

Callaghan drops hint of autumn reflation

THE PRIME MINISTER told Congress yesterday that he did not rule out measures to reflate the economy this autumn. He appealed strongly for continued moderation in pay claims and maintenance of the 12 months rule.

In his hint of early reflation Mr. Callaghan said that from much of what be read the debate on reflation no longer concerned the question of whether but when. He was concerned, however, to provide long-term stimulation to the economy rather than just a short burst or a pre-election sprint.

The need was for a steady rate of improvement which could continue in the months before the next election and in the years afterwards.

After reviewing the past two years of voluntary incomes policy Mr. Callaghan agreed that he would have liked a third year on similar lines but had been told that this was not possible. Nonetheless, the best means of preventing inflation returning to levels of 25 per cent. and 30 per cent. and unemployment increasing was through moderate wage settlements in 1977-78.

Mr. Callaghan told delegates that he had been brought up to believe that free collective bargaining was "the milk of the gospel." Like democracy, no better system had been devised, but he was not sure after many years' experience that he could go into the witness box and declare that it produced either justice for the weak or fairness between different groups.

Turning directly to pay-claims in the coming year — Congress will debate pay policy to-day — the Prime Minister said that if

Congress Report by Christian Tyler, Alan Pike, Pauline Clark and Nick Garnett
Pictures by Terry Kirk

one excessive pay settlement was used as a "back to leap-frog over" there would be nothing the Government could do to prevent a return to the situation of 1974-75.

The Government's view was that maintenance of the 12-month interval between pay settlements, although obviously not a complete bastion against inflation, would be a great help.

In industries and services where the Government had influence it would use that influence to support the 12-months interval.

Outrageously high settlements would mean increased inflation, more jobs lost or a combination of both. Settlements had to remain within the levels outlined by the Chancellor of the Exchequer so that national wage levels would not increase by more than 10 per cent.

Mr. Callaghan assured delegates that he could say with some confidence that as a result of the trade unions' contribution there would be no further reductions in standards of living.

Whatever the TUC decided on pay this week, the era of co-operation between the Government and the trade union movement must not be allowed to come to an end, Mr. Callaghan stressed. "If there is confrontation we shall both lose."

There was no short cut to the objectives which the Labour movement was seeking, but there was a road and the Government would stick to this road because it was the best way forward.

As Mr. Callaghan left the conference hall at the end of the day's session he was met by jeering and chanting young people.

A strong force of police confined the demonstrators to the pavement and three people were held back as they tried to break through the cordon, shouting "coward."

Mr. James Callaghan, Prime Minister, on the TUC platform yesterday with Lord Allen.

Oil 'must be used to create jobs'

MR. TONY BENN, the Energy Secretary, said that there were very real prospects of a succession of Grunwick-type disputes if a Conservative government was returned to power.

A Conservative government would be anti-labour, favouring high unemployment in a militarist economic policy, and pushing through cuts in the welfare state, the overall social consequences of which, he said, did not bear thinking about.

He did not believe that a split between the Government and the trade unions so often talked about would materialise.

It was recognised that the relationship was far too useful to both sides for it to be discarded.

But industrial policies had to be designed to create full employment and North Sea oil revenues must be used for that, Mr. Benn told a Fabian Society meeting in Blackpool.

Danger

The running down of industry was the "most deadliest danger" facing society. Oil would not provide an automatic solution to the problem.

Revenues should be utilised for re-tooling British industry, said Mr. Benn. They would be wasted if the wealth were simply used to buy more foreign-produced goods.

Investment planning between the Government and industry was the key to the way forward.

He said it was a healthy sign that although there was evidence of pressure from some quarters to drive out of the present slump by drifting into disarmament, there was no indication that the Government was doing that.

Plan to sever Grunwick lifelines

AN INTENSIFIED campaign aimed at forcing the Grunwick film processing company to yield to the recent Scarman inquiry recommendations on the position of Grunwick workers sacked in the union recognition dispute at the factory is to be embarked on by the trade union movement.

Announcing emergency talks next week with the main union involved, the Association of Professional, Executive, Clerical and Computer Staffs, Mr. Len Murray told conference delegates yesterday that the General Council would continue to give APEX and the aggrieved Grunwick workers the maximum support.

The General Council would also be seeking co-operation from all other unions needed to co-ordinate a more effective strategy of cutting off supplies to the factory.

Mr. Murray announced the decision to step-up the campaign against Grunwick—where the dispute is now just over one year old—while pledging full support from the TUC Council for an APEX call for the full weight of the trade union movement to be thrown behind the union's cause.

The debate was unexpectedly brief and no speakers were called from the floor but the motion was passed unanimously by delegates after Mr. Roy Grantham, general secretary of APEX warned the conference that if Grunwick was allowed to get away with its refusal to negotiate with the unions, its supporters "would have a field day."

Mr. Grantham, pointing to the failure of the company so far to yield to organised union pressure against it, said the time had come "to use our brains and not just our hearts."

Although he declined to give details of new tactics to be employed against the company, he indicated that the strategy ahead would be carefully designed to sever the company's lifelines.

Mr. Murray said the General Council had never had doubts about the justice of Grunwick workers' case. He placed the responsibility for the widening of the dispute firmly at the door of Mr. George Ward, managing director of Grunwick.

He said that the company's refusal to respond to the Court decision on the recognition issue earlier this summer and to the recent Scarman recommendations had "shown the company's willingness to exploit people as things, not only for profit but also for the furtherance of political ends."

Mr. Roy Grantham of APEX speaking during the debate on the Grunwick dispute

Chapple backs call for blockade

CUTTING off services to the Grunwick Film Processing Company might be the best way to avoid a resurgence of mass picketing and violence, Mr. Frank Chapple, general secretary of the Electrical and Plumbing Trades Union, said yesterday.

He was speaking after a short and unexpectedly low-key debate about the year-long union recognition dispute at the London company, whose managing director, Mr. George Ward, has rejected a Court of Inquiry recommendation to reinstate dismissed strikers.

Disruption

Mr. Chapple made no commitment as to what his members in electricity supply might do. But he said: "If there was an easy, clean way of doing it, we ought to take that road. I would much rather save the heads of a few police and pickets than Mr. Ward's.

The law about disruption of supplies of water and electricity is unclear, although past blacking of Grunwick's mail—the lifeblood of its business—has been clearly established as illegal.

Unions with members in services and in industries supplying materials to the company will discuss these [illegible] early next week. They will be meeting the Association of Professional, Executive, Clerical and Computer Staff, the [illegible] involved in the recognition dispute, under the auspices of the TUC.

Too weak

Mr. Jack Dromey, spokesman for the strike committee, after the debate that although he considered the APEX resolution carried by Congress was too weak, it was "heaping up a bonfire—and now we only need the spark."

There is certain to be [illegible] if not explicit, pressure from the Government on the [illegible] because of the danger of violence recurring and of serious political damage to the Government in the run-up to a General Election. The TUC is also aware that it may not be able to [illegible] this particular fight.

Employers criticised over safety

SAFETY MEASURES [illegible] Britain's building industry [were] criticised by Mr. Hugh D'Ar[cy of] the Construction Workers [union] told Congress that the [latest] report of the Factory Inspectorate disclosed that the number of workers killed and injured showed a big increase in 19[76].

During the year 181 workers were killed in construction—more than in the previous year—and more than 34,000 injured.

"This appalling record of slaughter and injury is largely the result of employers' difference towards health and safety," he said. "Many of the deaths and injuries are caused by faulty scaffolds — men [hit by] material falling from scaffolds and sometimes the scaffold [itself] collapsing."

Congress gave unanimous support for a motion which deeply regretted the delay in implementing regulations governing safety representatives and safety committees, and called on the Government to ensure the successful implementation of the Health and Safety at Work Act.

An amended motion calling for more stringent application of the Asbestos Regulations, the Factory Inspectorate, the planned phasing out of asbestos-based materials and a licensing system for companies and contractors handling the material was carried unanimously.

Communist joins TUC council

A SECOND Communist Party member joined the TUC General Council yesterday with the election of Mr. George Guy, general secretary of the National Union of Sheet Metal Workers.

The other sitting Communist is Mr. Ken Gill, general secretary of TASS, staff section of the Amalgamated Union of Engineering Workers.

Other newcomers to the general council were Mr. Albert Spanswick (Confederation of Health Service Employees), Mr. Ken Thomas (Civil and Public Services Association), Mrs. A. Maddocks (National and Local Government Officers' Association), and Mr. Moss Evan, who succeeds Mr. Jack Jones as general secretary of the Transport and General Workers' Union next year.

There had been speculation during the day that TGWU members were planning to use their 1.9m. block vote to gain revenge on unions which voted to expel them from the TUC on Monday during a heated session over the TGWU's failure to implement a disputes' committee award. If Transport union members did take such action in the ballot, it does not appear to have influenced any of the results.

Fight against racialism backed

THE GENERAL Council of the TUC is to ask the Home Secretary to have all National Front demonstrations banned.

Mr. Tom Jackson, the Union of Post Office Workers' general secretary, and chairman of the TUC's equal rights committee, told Congress of the move yesterday as he laid a motion aimed at bolstering attempts by the TUC to combat racialism and the activities of the National Front and other organisations as well as trying to ensure that equal opportunity becomes a fact of life.

The motion, which received unanimous support, called on the General Council to set up a campaign to fight infiltration by groups considered to be racialist, into the trade union movement.

Resources

It also asked the General Council to devote some of its resources to ensure the incorporation of the TUC equal opportunity model clause in employment contracts, and to urge the Government to ensure that nationalised industries are equal opportunity employers.

Congress also wants the General Council to introduce substantial programmes to improve inner-city areas. In another section of the motion, the Congress called for support for black self-help groups, particularly in the development of skills and the attack on discriminatory employment practices.

Congress also decided to support the fight against world-wide racism. It backed the call made by the Anti-Apartheid Movement at the end of last month "for an end to all forms of economic collaboration between Britain and the racist apartheid regimes and as an immediate step the imposition by the British Government of a ban on investment in South Africa."

Mr. Jackson said the equal rights committee was becoming concerned over the role of industrial tribunals as a means of securing equal pay.

Industrial tribunals were not a substitute for collective bargaining. There was a responsibility of trade unionists to use union machinery and their bargaining skills to implement equal pay.

Mr. Jackson also sounded a warning about the Equal Opportunities Commission.

"Neither it, nor any other body can seek to become a substitute for the trade union movement," he said.

In November, a union conference has been organised to discuss what amendments to the Equal Pay Act are necessary.

Mr. Jackson said those who wanted to destroy the trade union movement are "the greatest pedlars of racial hatred."

The purpose of the National Front demonstrations was to destroy racial harmony and attack democracy.

'Boot boys'

The full rigours of the Race Relations Act must be used against those "who seek to poison society in this way."

Both the Socialist Workers' Party and the National Front were "political boot boys," said Mr. Jackson.

Mr. Maurice Styles, UPW assistant secretary, said the National Front had to be banned from spreading racial hatred, especially in those areas of deprivation.

Mr. Tony Christopher, General secretary of the Inland Revenue Staff Federation which supported the motion, said discrimination was one of the country's biggest social problems. He criticised the lack of urban aid programme for a substantial number of areas that needed them.

Health cuts warnings by unions

HOSPITAL WORKERS, campaigning against Health Service cuts, are heading for a major battle with the Government, trade union leaders warned the TUC Conference in Blackpool yesterday.

Mr. Bernard Dix, deputy general secretary of the National Union of Public Employees, said that a few years ago it could not have been imagined that doctors and nurses would be staging occupations of hospitals to keep the Health Service going.

The warning followed a series of debates deploring the effects on the Health Service of cash limits and calling for money to combat growing unemployment among nurses and the threatened shortage of jobs in the 1980s for newly-qualified doctors.

Delegates for the Medical Practitioners Section of the Association of Scientific, Technical and Managerial Staffs, warned that the cash limits were amounting to a rundown in the Health Service.

Emphasis was also put on the inadequacies of spending on community care.

Tougher law on equal pay sought

DELEGATES are to call for a strengthening of the Equal Pay Act. So far, the Act had been ineffective in many respects, said Mr. Jack Macgougan, general secretary of the National Union of Tailors and Garment Workers.

Mrs. Judith Hunt of the Engineering Union's technical and supervisory section, said that in 1970 there was a £16 difference between men and women's earnings in manufacturing industry. In 1976 the gap had widened to £30.

Stronger legislation was required to deal with the "ghettoes" of women cheap labour.

Mr. Terence Parry, chairman of the TUC's social insurance and industrial welfare committee, reviewing events in those fields, criticised sections of the Press and others for attacks on social security payments.

"I doubt the motives of those who have taken part in this campaign of attacks," he said. It was true some claimants received more from unemployment pay or supplementary benefit than they took home in pay packets but that arose from the low level of child support, the tax structure for the lower paid and low wages.

"It would do those people good who attack families living on social security as spongers to try themselves to live on supplementary benefit and face the indignities of means testing and the frustration of not being able to work," said Mr. Parry.

Social security defended

A COMPOSITE motion was carried unanimously, calling on the General Council to condemn attacks made on social security benefit claimants, and to conduct a campaign against those attacks.

The motion, moved by Mr. George Guy of the National Union of Sheet Metal Workers also urged the Government to extend the payment of unemployment benefit from one to two years; extend earnings related supplements from six months to two years; and called for a campaign to reverse the decision to cut home visiting and to seek an increase in present provisions to ensure that the welfare of those receiving benefits was fully protected.

Delegates also decided that the TUC should seek significant increases in child benefit and legislation to increase benefits each year in line with inflation.

The TUC will also urge that there should be no sex discrimination in the payment of family income supplement with men and women having equal rights.

Mr. Guy, condemning attacks made on benefit claimants, said the basic solution was to get rid of mass unemployment.

"We need to kill the myth of the scroungers. The real problem is not one of abuse, but that too many claimants are unaware of what help is available."

He said that 20 per cent. to 30 per cent. of those eligible for rent rebates and 60 per cent. to 65 per cent. for rent allowances, had not claimed. The total sum involved was about £100m.

The Conservatives had mounted the campaign to divide the people and to divert attention from the real causes of unemployment.

Economy debate

TO-DAY'S business was expected to be dominated by the economy policy debate with discussions likely to centre on the question of maintenance of a 12-months gap between wage claims and the levels of wage settlements to be aimed at following the end of Stage Two of the Government's pay restraint policy.

The morning business includes a series of motions on education, including education cuts and also educational measures in youth unemployment.

Jones demands pensions at 60

CONGRESS yesterday unanimously called on the Government to take steps to reduce the age of eligibility for State pensions to 60—by stages if necessary—with priority for workers in hazardous industries and the disabled.

At the same time it urged the Government "urgently to meet the demand" for State pensions to be at least one-half of gross average earnings for married couples and one-third for single people.

Mr. Jack Jones, general secretary of the Transport and General Workers' Union, who had devoted great attention to the pensions issue, said, moving the motion, that at present the levels being sought by the TUC would represent £35 a week for married couples and £23 for the single.

"Is that too much? If it is conceded does it mean that pensioners will wallow in luxury? Of course not."

Mr. Jones added that there was a real need for the introduction of a tax-free winter bonus to help pensioners meet fuel bills. Early retirement must come not only to relieve unemployment but to produce a better life for the elderly. But it was no use talking about early retirement until there were substantial increases in basic pensions.

Mr. Terry Parry, chairman of the TUC Social Insurance Committee, agreed that pensions must be improved to "remove the evil and social disfigurement of poverty in old age."

On the issue of contracting out under the new pensions arrangements next year, Mr. Parry said he was disturbed at the poor standard of some schemes being put forward for approval to contract out.

The Government's original White Paper, he said, had indicated that only those schemes which provided benefits significantly better than the new earnings-related pension available from the State would be able to contract out. But some schemes were being approved which were in practice no better than the State benefits.

"This goes completely against the intent of legislation and therefore we will be looking for early action on two related issues. The first an improvement in the level of benefit provided by the State scheme and the second, as a consequence, a toughening and improvement of the standards which have to be met by schemes that wish to contract out."

OTHER LABOUR NEWS

Scottish teachers plan wage claim

A SCOTTISH teaching union to-day sent a dossier to members of the Cabinet and all Scottish MPs detailing its case for a substantial pay rise.

Included are cuttings from the "situations vacant" pages of newspapers which, says the 3,000-strong Scottish Schoolteachers' Association, show how teachers have fared worse than other workers generally.

The union—part of the National Association of Schoolmasters — Union of Women Teachers—is seeking a restoration of teachers' pay to 1974 levels, based on the Houghton Committee recommendations at that time.

The dossier claims that an 18-year-old untrained policeman is better paid than a graduate who has spent three years at university and one year at a college of education and is now working as a fully trained teacher in a secondary school.

'Recognition'

It also says that an unqualified social worker earns more than a qualified primary teacher.

Salaries for teachers, it adds, range from £2,841 to £4,876.

The union says it does not expect that it will be possible to restore the salaries to 1974 levels next April, but there should be "some recognition" of the need to move towards restoration at the earliest possible date.

"This recognition should be indicated by permitting the maximum increase possible with effect from next April 1. Teachers need this earnest of intention if morale is to be maintained at the desired level."

Disciplined Heathrow strike leader loses union posts

BY OUR LABOUR STAFF

MR. JACK GATSKY, one of the leading shop stewards behind the engineering and maintenance men's dispute at Heathrow earlier this year, has effectively been deprived of his influential posts on the union negotiating committees.

Mr. Gatsky was suspended and moved from the "double day" shift to a permanent day shift as part of the disciplinary action taken against him for making public statements about the airline's safety standards — remarks he later withdrew.

Mr. Gatsky was a shop steward for the Amalgamated Union of Engineering Workers representing about 170 men on the double-day shift. As a shop steward, he had been elected as chairman of the engineering wages sub-committee and vice-chairman of the powerful joint stewards' combined committee.

Now that Mr. Gatsky is on the day shift, where there are fewer than 20 men, he has lost his position as shop steward as that shift already has its full complement of two shop stewards. Mr. Gatsky has to represent, as a shop steward, the shift on which he works.

Although Mr. Gatsky has effectively lost his key posts by this move — which some colleagues see as a deliberate move by British Airways management — he has still been allowed to attend the committee meetings in a non-voting capacity.

Mr. Gatsky, who is due to report back to work on Friday following his suspension, said last night that he intended to appeal against the decision.

But British Airways said last night that Mr. Gatsky's shift change had been part of the disciplinary action to which he and union officials had agreed.

If Mr. Gatsky's appeal fails, he could become a shop steward again later this year when elections for the posts will be held.

Lucas stewards jostled by jeering women

SHOP STEWARD leaders of the 10-week-old toolroom strike at Lucas had to run a gauntlet of about 80 angry, jeering women as they left a meeting at a Birmingham social club yesterday.

Police had to clear a path through the women, who were demanding an end to the strike. One steward was pushed up against a wall and another was shaken and swung round by his jacket.

Embittered by continuing weeks of lay-offs, the women workers had descended on the Star Social Club in Essex Street where strike leaders were holding a weekly meeting. More than 25,000 workers in the car industry are now idle due to the dispute.

A six-strong delegation of the women had failed to persuade the shop stewards to call off the strike. Afterwards, some of the women protested that their case had not been put forcefully enough by the delegation.

Mrs. Brenda Armstrong, a worker at the Lucas factory in Cannock, Staffs, said: "We have been fobbed off by the management and now by the union as well." Another of the women, Mrs. Pat Howard said: "We have achieved nothing. We are very disappointed."

Mr. Michael Towey, chairman of the Lucas tool group negotiating committee, which is leading the strike, said the dispute would continue until the management was prepared to meet them at the negotiating table.

Mr. Ronald March, Lucas' group industrial relations director, was travelling to the TUC conference at Blackpool yesterday to meet officials of the Amalgamated Union of Engineering Workers in a bid to end the strike.

Strike halts production at Notts. factory

A WALK-OUT by 1,500 workers at the engineering factory of Ransome Hoffman and Pollard at Newark, Notts, yesterday, brought production to a halt.

The workers—members of three different unions—had been working to rule since August 26 over a pay claim which the management say is outside the Government's Stage Two policy.

Yesterday's strike began after a girl press operator, acting on union instructions, refused to be transferred to another department. When the management said she might as well go home, the shopfloor workforce walked out.

A spokesman for the company, which manufactures ball bearings, said later that the workers had agreed to return to work to-day when the situation would be reviewed.

Safety law 'should be extended'

ATTEMPTS are to be made to bring Crown bodies within the law enforcement powers of the Health and Safety at Work Act, it was disclosed yesterday.

Mr. Bill Simpson, chairman of the Health and Safety Commission, said yesterday that the immunity of Crown bodies against prosecution was out of keeping with modern thinking.

"The Health and Safety at Work Act covers virtually everyone at work in this country," Mr. Simpson told a conference in Llandudno yesterday. "But the Health and Safety Commission think it is an anachronism that Crown Authorities, such as Government departments and other employers acting on behalf of the Crown, are not subject to the same sort of legal sanctions as any other employer if they break the law."

'Privileged'

This is because of the tradition that the Crown, such as the Health and Safety Executive, cannot enforce the law against the Crown, in the shape of [a] department or other authority. "We do not think it right that Crown employers should be in this privileged position," added Mr. Simpson.

The Commission intends to raise the issue with Ministers and is issuing guidance to local authorities on how they can enforce the safety laws on the Health and Safety Executive itself.

But Mr. Simpson made clear that under no circumstances would Crown employees be prosecuted simply because the difficulties of enforcing the law on the Crown employer had not yet been ironed out. "Civil Service employees are not less liable to prosecution than other employees—but they must not be thought of as more liable," he said.

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The Management Page

EDITED BY CHRISTOPHER LORENZ

ENERGY CONSERVATION

BY RAY DAFTER

'Save it'—the Courtaulds way

ITAIN IS well on the way to coming one of the world's st endowed nations when it mes to energy. On top of its ge coal reserves, hydro-electricity supplies and nuclear experience the country is about to oduce all the oil it needs. The rth Sea is already providing tural gas to every industrial d domestic consumer in the K.

And yet, within 18 months of e country becoming totally lf-sufficient in energy, the vernment is set to relaunch energy conservation programme especially oriented towards industry. Mr. Anthony edgwood Benn, the Energy cretary, is expected to oute possible new measures at e first National Energy Managers' Conference in Birmingm on September 26. Some 750 ance directors and industrial anagers are expected to attend e function.

The timing of the meeting, d the decision to spend a furer £1.93m. of Government oney on a new energy "Save-" advertising campaign are t as bizarre as they might at st appear to be.

For a start, energy will be ne the cheaper for being me - produced. Britain's ergy bill rose 20 per cent. to er £13.5bn. last year and in ite of the rise in North Sea and gas supplies costs will crease again this year.

Secondly, Britain will not remain self-sufficient for perhaps ore than 10 to 20 years; a riod which merely provides a eathing space in which to ve a boost to the economy and the foundations of a sensible energy policy for the ture.

Thirdly, energy saving is oving to be a money spinner r industry: not only to the mpanies involved in the conrvation industry—the insulaon material manufacturers, for instance—but to all those which have taken steps to reduce their energy bills.

The Government is unsure about how much energy is being saved as a result of management edicts: so much depends on how much fuel-buying has been affected by reduced business activity. But in general it is reckoned that industry has saved between 2 and 10 per cent. on pre-1973 levels. The Department of Energy believes that 10 per cent. or more could be saved on the fuel bill with little or no expense.

There are a number of industrial cases to prove this point. The Courtaulds textile group provides one of them.

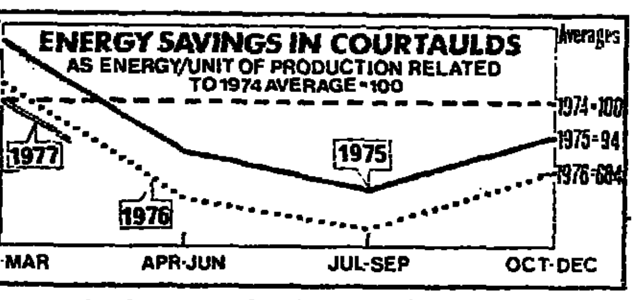
Courtaulds has been experiencing difficult trading conditions, as Sir Arthur Knight, its chairman, told the annual meeting in July. Trading conditions in the first quarter of this financial year had been "generally less satisfactory" than in the second half of last year and short-time working had been introduced or extended.

But the group can take heart from the fact that in the two years to January 1977 it had generated £10.5m. more cash than it would have done without an energy conservation programme. For that is the amount that would have been spent on fuel and power if, in 1974, the Board had not set an energy saving target of 10 per cent.

In the event the target has been well exceeded and the group is moving towards even greater savings. After making a 6 per cent. saving in 1975, Courtaulds achieved a further 6 per cent. on energy indices last year. As the graph shows, the improvement has continued into this year although clearly as time goes by the task becomes tougher.

The programme was initiated by the Courtaulds Board in 1974 when it was decided that any investment in conservation should show a return on capital within a two-year period. The directors had toyed with the idea of imposing a three-year time limit but they saw so many possibilities for conservation measures that they felt there was no immediate need to lengthen the pay-off period.

So far between £1m. and £2m. has been invested in new equipment although the exact figure is not known. As Mr. Eric Jones, the group energy co-ordinator, pointed out, in many cases the sums spent by factory management fell into the petty cash bracket.



For example, the use of plastic strip curtains across loading bay doorways has proved a comparatively cheap and effective way of reducing fuel bills. "A loading bay door left open for just a minute can strip a site of all its warmth in winter," said Mr. Jones. "Where such doors are opened several times a day the heating load can be phenomenal." Pipe lagging and draught-proofing have also been effective and relatively cheap.

Some measures need no capital outlay at all, merely a careful check and some maintenance work. Courtaulds found that out of several hundred air-conditioning plants, barely a dozen were operating at their lowest design cost.

Typical of the sort of thing that could go wrong was the leaky fresh air louvre, designed to open in warm conditions but which sucked in vast quantities of cold air in winter. Mr. Jones said it was frequently found that two air-conditioning plants were working against each other: one plant running flat out to cool the department while the other was working flat out to heat it.

Managers in Courtaulds have also been advised to be more careful about the way they operate power generating equipment. It was once a fairly common practice within the group to start up boilers at a convenient time on Sunday so that they would be ready steaming for the first Monday morning shift. In some cases on sites with a five-day working week boilers were left running throughout the week-end merely for convenience sake. Now most boilers are restarted early on Monday mornings. The practice of keeping a spare boiler running on low load to be ready in event of a sudden breakdown has also been virtually eliminated.

In some instances power-raising equipment has been replaced with more modern boilers but in all cases specially prepared check lists have helped operators to improve fuel efficiency by as much as 2 per cent.

Courtaulds is taking its energy saving programme seriously. It was initiated by the Board when Lord Kearton—now chairman of the state-owned British National Oil Corporation—was at the helm. Mr. Jones now co-ordinates the work at over 300 sites, each of which has at least one executive responsible for energy saving. In many cases the site manager has elected to take direct responsibility while on some of the larger sites a full time appointment has been made.

Mr. Dick Morris, the main Board director responsible for energy conservation, believes that a 15 per cent. saving is achievable both in Courtaulds and in industry in general.

Certainly the company is far from being alone in striving for such savings. For instance, chemical manufacturers, which consume some 14 per cent. of the total energy used by industry in the U.K., reckon that between 1965 and 1975 it reduced its energy consumption per unit of output by 28 per cent.. Now the fuel and energy committee of the Chemical Industries Association has endorsed a further 10 per cent. reduction in energy consumption by 1985 as a feasible target.

A recent Government report showed that energy savings to the iron casting industry—another big fuel user—could be worth at least £15m. annually at present prices within 15 to 20 years.

The Department of Energy and Industry have introduced a number of schemes to encourage energy management and investment. Not all of them have been wholly successful. The Energy Saving Loan Scheme which provides advances of £10,000 to £100,000 for schemes which produced annual energy savings worth at least one-third of the initial capital cost has failed to attract much interest from industry. The interest rates for the loan—recently 15 per cent. a year—have not been enticing enough.

Mr Morris believes that the Government was "crackers" to introduce a scheme with such high interest rates. The Government should be thinking in terms of making cash grants towards soundly-based projects, he says.

This may be on the cards for it is likely to have been one of the schemes considered within the Department of Energy. Dr. John Cunningham, Parliamentary Under Secretary at the Department, has said that Government cannot take the companies' decisions for them. "What we can do is to get the economic signals working in the right direction."

"Achieving really significant reductions in fuel bills means spending money to save money," he said. But in the long run it was the energy-conscious firm which gained the competitive edge over those which ignored the logic of energy saving.

PENSIONS and BENEFITS

Reactions to an ultimatum

BY ERIC SHORT

THE SOCIAL Security Pensions Act 1975, besides making a reality of universal earnings-related pensions, presents employers with what amounts to an ultimatum. In effect, it gives them their last chance of setting up a company pension scheme to provide comprehensive high level benefits for their employees. No longer can employers defer making a decision: if they do nothing all their employees will be in the new State scheme by default and will have to rely on that scheme for their pensions.

The reaction of employers appears to have been one of slight panic. Faced with making a decision, they have tended to go for the company scheme, irrespective of whether this is the best choice as regards cost or administration. Although no official statement about the outcome has yet been made, several pension consultants have spoken of a high proportion of companies contracting out of the State scheme and providing the main pensions through a company scheme. This has been far more than would have been expected from the terms. And some pension consultants have expressed disquiet over the situation and their concern that employers have not been presented with the complete picture.

Target

The logical approach to take is for employers first to decide on what level of pensions should be provided for their employees—the pensions target as it is called by some consultants. This should include pensions from all sources including the State and previous company schemes. The pattern of benefits can vary—from a fixed percentage of final salary for all salary levels, to a higher percentage for those on lower salaries.

Having decided the pensions target, the next stage is to split the provision between State and company scheme. All employees will receive the basic State pension irrespective of whether the scheme is contracted out. Various alternatives can be considered and costed and then the employer can make his choice. This process is known as integration.

But most employers who have been advised by pension consultants, appear to have approached the problem the other way. They have decided in advance to contract out and the resulting company pension and State allowance are just added together. For the lowest paid this could provide an overall pension of more than 100 per cent. of final salary. Pensions

> Faced with what is in effect their last chance to create their own pension scheme many companies have reacted hastily, and without adequate research

are expensive and the employer should not pay one penny more than he has to.

Martin Patterson Associates, a firm of pension consultants, has recently set up a pensions clinic which offers, for a fee, a second opinion on company pension arrangements. It claims that many employers who have used the service protest that it was never pointed out to them that there was a practical alternative. It was never made clear that their aims could be met by staying in the state and adjusting company arrangements.

On the surface this appears to be a terrible indictment of most pensions consultants. But it does not present the whole picture. Many executives, like their employees, find pensions a boring subject. Their reaction has been one of "tell me what is best and I will do it." They do not want to get involved in the technicalities of in-depth comparisons. In many cases contracting out provides an approximate system of integration. Unless one knows the brief given to pension consultants in the first place, one cannot necessarily criticise the advice given.

In addition, the trade unions have been very hostile to the whole concept of integration. They take a simplistic view: their members pay National Insurance contributions, thus they are entitled to the State pension and since they pay to the company scheme they therefore have the company pension as a right. Any attempt to mix the two is regarded as the employer trying to do the employee out of his rights.

When dealing with unions and employers, many consultants have had to keep discussions as simple as possible, otherwise interest is lost very quickly. Nevertheless, it is part of the task of a consultant to make employers and unions aware of the alternative situations. The whole industry is bedevilled by having to do too much in a comparatively short space of time. As we have stated before, each scheme has to be considered as a separate case and dealt with on its merits. Some consultants, it would appear, have been trying to cut corners.

Option

Is it too late to do anything about it? The answer is probably yes, since there is not much time to next April. But the employer can review the situation. There is always the option of buying back into the State scheme at a later date and amending the company arrangements. Several consultants are adopting this line by recommending contracting-out and reviewing at a later date.

The State scheme is scheduled to be reviewed every five years and on each occasion the Government Actuary will revalue the contribution reductions for contracting-out. But it has already been indicated that the amount of reduction will be lower than the present 7 per cent. simply because company schemes will be receiving higher benefits from the State scheme. Thus 1983 is an obvious time for reviewing company pension arrangements, and by starting early companies can thoroughly investigate all possible alternatives, and in conjunction with trade unions.

BUSINESS PROBLEM

BY OUR LEGAL STAFF

Protection of depositors

ould you tell me how the Protection of Depositors Act 1963 orks? I put up sums amounting to over £2,000 with a firm, gistered under this Act, which now in difficulties. As recently a year ago they made me an offer described as an "exceptional opportunity", when they must have known things were not going well. Is there anything I can do?

The Protection of Depositors Act 1963 provides a code for regulating the structure and accounting systems of companies which advertise for and take deposits, and also regulates their advertisements. Infringement of the statute incurs penalties, but there is no provision of an indemnity fund or other means of recovering deposits if a company cannot meet its obligations. Your only course therefore is to seek the return of your deposits, if the terms of your contract with the depositee company permit you to do so at this stage. We doubt if the phrase "exceptional opportunity" would be seen as more than a promotional "puff" designed to commend the advertiser. As criminal proceedings for the penalties imposed by the Act can only be instituted with the consent of the Department of Trade or the Director of Public Prosecutions there seems to be no prospect of your bringing pressure to bear by the threat of proceedings.

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Callaghan's message

THE Prime Minister's address to the Trades Union Congress in Blackpool yesterday spelt out in simple and convincing terms the Government's case for moderation in wage claims. Whatever the outcome of to-day's economic debate, no one can complain that Mr. Callaghan has not brought the full weight of his office to bear in support, not just of the twelve-month rule, but of single-figure wage settlements designed to bring down the rate of inflation, as an interim target, to 10 per cent. It was a courageous and effective performance, whose sincerity and common sense can hardly have failed to impress his audience, even though many will have found its content unpalatable.

Opportunity

The main lesson which the Prime Minister was trying to hammer home was that the country had taken two years to recover from the ludicrous situation of 1974-75, when wage settlements were in the 25-30 per cent. range, and that what had been achieved during those two years could very easily be thrown away if unions used the opportunity created by the end of Stage Two to bring about another wages explosion. The two-year recovery period had involved a fall in living standards and, Mr. Callaghan stressed, people should not expect to make good that loss in the coming year. What they could expect, as long as wage settlements were kept under control, was some modest improvement in living standards as the economy improved.

A welcome feature of the Prime Minister's speech was its modesty about what had been achieved on the economic front and about what could reasonably be expected over the next year or so. This was a contrast to some recent comments by trade union leaders; Mr. Jack Jones, for instance, has suggested that because of the improved state of the economy the 12-month limit between wage settlements should no longer be regarded as necessary. The fact is that despite the improvement in the balance of payments and the inflow of foreign exchange the long-standing weaknesses of British industry remain: with the strengthening of sterling the price competitiveness of British exports has deteriorated in recent months. The only sound way of creating new jobs and bringing unemployment down from its present level is through ensuring that the U.K.'s inflation rate is no higher than that of our main trading partners—and that means, as Mr. Callaghan reminded the TUC, something well under 10 per cent.

On reflation Mr. Callaghan was equally cautious — and realistic. While he "did not rule out" the possibility of some stimulus to the economy during the autumn, this would depend on further progress in reducing the rate of inflation. The clear inference is that the level of wage settlements, rather than the constraints imposed by the International Monetary Fund, will determine how much freedom of action the Government will have to stimulate the economy. The Prime Minister referred to the reflationary measures which were being taken or planned in Japan, Germany and the U.S. The U.K. would have to rely chiefly on the expansion of world trade which these measures should bring about; the Government could not contemplate a repetition of the 1973 situation, when an excessive internal stimulus to the economy had such disastrous consequences.

Public sector

In their response to the Prime Minister trade union leaders will be pulled in one direction by their desire to see the present Government continue in office and win the next election, and in another by the increasingly evident frustration of their rank and file. The signs of rebellion in the AUEW earlier this week suggest that those unions which are committed to the 12-month principle will have a hard time maintaining it. The Government's hope must be that to-day's TUC vote will support the 12-month rule by a large enough majority to give the policy a psychological boost. If it is rejected, the Government may have to re-think entirely its approach to incomes policy. Then the key test of Mr. Callaghan's determination will come in the public sector. That is where the policy must be seen to work; for the Government will have to set the example for others to follow.

Car imports give a warning

UP TO a point it is possible to regard the record level of imports among new car sales last month as being somewhat freakish. Since the date of the change in suffix letters was moved to the beginning of August ten years ago, more and more private car buyers have been won over to the idea of timing their new purchases so as to take early advantage of the arrival of a new suffix; and it is well known that imported cars have secured a much larger hold upon the private car buyer than upon fleet users. *Even so, imports of complete* cars have handsomely passed the point which would have been considered unacceptable only a few years ago. Their total market share, including that of tied imports, has grown from 28 per cent. in 1974 to 34 per cent. in 1975, 38 per cent. last year and now 44½ per cent. So far this year the total car market has grown by just under 3 per cent., but sales of imports have increased by 26 per cent. while sales of U.K. cars have fallen by 10 per cent. Worse still, whereas last year the motor industry as a whole, including the component manufacturers, managed to export twice as much as the cost of imports of vehicles and components, in the first half of this year the industry's favourable trade balance fell by 16 per cent.

Shortages

As in other years, too, the peak selling months—when up to double the normal monthly number of cars may be sold—found many of the more popular British-made cars in short supply as a result of strikes or other production difficulties, whereas importers had been building up their stocks in readiness for the August selling period. The true level of import penetration, therefore, is probably nearer to the 44 per cent. market share achieved over the first eight months of this year than the 51 per cent. share registered in August.

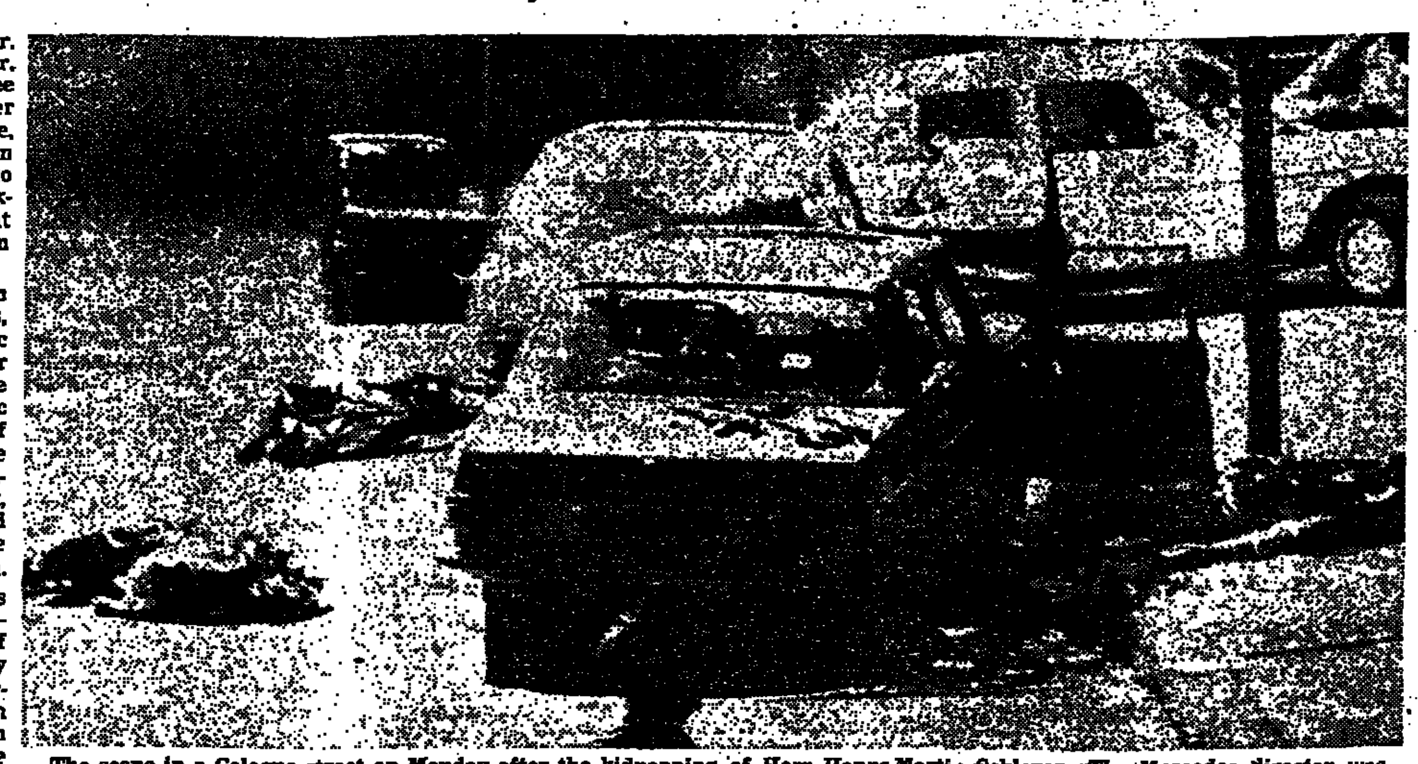
Moreover, nowadays, there is so much integration of component supply and assembly among the multinational car manufacturers—including the Government-backed companies, British Leyland and Chrysler—that it is becoming harder and harder to make a clear distinction between an imported and a nationally-produced car. British Leyland, for example, is now importing Allegros from its plant in Belgium where they are assembled from kits sent out from this country while, in the reverse direction, slightly over 50 per cent. of the Ford *Fiesta is made here from* foreign components. These "tied imports" may reflect the manufacturers' desire to secure longer runs and the benefits of the elimination of tariffs in the enlarged European Community but they have grown substantially in the last 18 months.

Quality

In part, but only in part, it is a question of ability to deliver. Recently, it has seemed that almost as soon as one dispute has been resolved trouble is likely to break out somewhere else. Even when work is proceeding normally, however, the level of productivity or the quality of some of the cars produced can cause concern. For example, partly because of the disappointing rate of output of Escorts at Halewood on Merseyside, *Ford has shelved its plans* to bring back production of the Capri from West Germany, while British Leyland's failure last month to win back more of the ground it had lost to Ford earlier in the year may suggest something about the private motorists' confidence in its products. True, the company suffers from an ageing model line about which it can do relatively little until the vast sums the Government has been pouring in bear fruit. True, too, there is *evidence of the company now* taking a firmer grip on product quality. But the latest import figures should be a warning to all in the industry that by the time they have sorted out their current difficulties, they may find that more of their market has faded away.

The terrorist scourge of West Germany

By ADRIAN DICKS in Bonn



The scene in a Cologne street on Monday after the kidnapping of Herr Hanns-Martin Schleyer. The Mercedes director was riding in the car in the centre which was stopped by another across its path. Behind Herr Schleyer's car that of his bodyguards.

THE KIDNAPPING of Dr. Hanns-Martin Schleyer, after the murder of three police bodyguards and a driver accompanying him in Cologne, brought the West German people and Government face to face once again with the blackmail used by terrorists at Munich in 1972 and in Berlin in March 1975.

The Munich episode ended in the deaths of 11 Israeli athletes, kidnapped at the Olympic Village. The abduction of Herr Peter Lorenz, leader of the Berlin Christian Democratic Party, resulted in the release of the hostage, unharmed after the "crisis staff" under the Chancellor, Herr Helmut Schmidt, had agreed to let five convicted or remanded terrorists leave the country for South Yemen.

Since then, the same crisis staff, made up of leading politicians of all parties and of senior officials, has usually taken a tough line, notably during an attack, later in 1975, on the West German embassy in Stockholm. The pressure on the crisis staff in Dr. Schleyer's case has been enormous and in contrary directions.

Dr. Schleyer is not only a senior figure in the West German economic scene — a director of Daimler-Benz as well as head of the country's two most important business organisations—but a man known personally to many of those on the crisis staff.

They knew from the start that there would be an outcry if Dr. Schleyer's abductors harmed or killed him, but that there would be scarcely less anger if the Government were forced to its knees and to release from prison some of the dangerous and murderous men and women it has succeeded in capturing up to now. Like other Governments in similar situations, Bonn had to face the danger of admitting in effect that any terrorist unlucky enough to be caught could count on being sprung sooner or later by his friends outside.

Politicians weary

The attack on Dr. Schleyer was the third against a prominent public figure this year, and the second against a leading personality from the business world. On April 7, terrorists shot dead the Chief Federal Prosecutor, Herr Siegfried Buback, and his escort in Karlsruhe. On July 30 they burst into the home of Herr Juergen Ponto, chairman of Dresdner Bank, and killed him. And 10 days ago, an attack on the offices of Herr Buback's successor, Herr Kurt Rebmann, in Karlsruhe, was prevented at the last moment.

Messages from the "Red Army Faction," a familiar terrorist name, claimed responsibility for the Schleyer attack and warned that "someone from energy supply" would be next. It was plain from Herr *Schmidt's brief appearance on* television on Monday, the day of the kidnapping, that the Government expected further similar outrages.

For Bonn, which resumed full-time political work after the summer break only this week, the kidnapping could not have come at a worse time. The Social Democratic and Free Democratic coalition partners in the cabinet are weary men at the end of several weeks of trying (so far inconclusively) to put together a package of measures to stimulate the stagnating economy. The strain has shown itself, according to many reports, in renewed outbursts of personal bad feeling and in fresh disagreements within each of the two parties.

The Christian Democratic opposition is scarcely in any better shape following a summer of fresh sparring between its leader, Herr Helmut Kohl, and his restless Bavarian ally, Herr Franz Josef Strauss. The sense of powerlessness which so frustrates both Government and opposition as they contemplate the economy this autumn has, perhaps, been one reason for the CDU's vigorous interest in the issue of terrorism in recent months.

Yet here, too, West German politicians realise that there is all too little they can do to *reassure public opinion, beyond* the pledges of zealous police action and the appeal to ordinary people to help that Herr Schmidt made on television on the night of Dr. Schleyer's abduction. However, the opposition has put forward a flurry of proposals for new and tougher legislation. Together with the crescendo of public anger that followed the Buback and Ponto murders, this has prodded the Government into fresh action of its own.

On the day when Dr. Schleyer was attacked three suggestions were published by the Justice Minister, Herr Hans-Jochen Vogel. He wants Parliament to increase the maximum sentences for convicted terrorists; more effective rules for expediting trials, and for dealing with the obstructive tactics of politically radical defence lawyers; and a further tightening of the firearms laws. There will now be enormous pressure for at least these three measures to be pushed through rapidly, and a good chance that the opposition will succeed in getting some of its own suggestions added.

Police are short-handed

Further, there is considerable scope for improving the scope and methods of the anti-terrorist drive, according to an interview given to Der Spiegel this week by the SPD party expert on security, Herr Heinz Pensky. He claims that not only are the police still short of men, but that a series of administrative blunders has on occasion prevented a quick and flexible response to the terrorists. For example, the police in the various federal states have differing computer systems and peripheral equipment which in some cases are incompatible with one another, and with the equipment of the Federal Criminal Bureau in Wiesbaden. Herr Pensky also lays blame on the 11 State interior ministers for dragging their feet whatever standardisation and closer co-operation are proposed. One example where critics feel West Germany could have reacted more purposefully is in the implementation of a new and supposedly tamper-proof system of car *registration plates.*

Perhaps more worrying than these handicaps in the longer term is the allegation that the police and anti-terrorist agents have failed over the years effectively to infiltrate the small groups of people responsible for the attacks. There has, however, been some degree of success in naming suspects—as in the Buback and Ponto cases—and a by no means negligible arrest record.

According to evidence laid before a committee of the Bundestag last week by Herr Horst Herold, head of the Federal Criminal Bureau, there are at least 1,200 "active and dangerous" terrorists, and an estimated 6,000 more people classed as active supporters who rent cars or flats for the terrorists and help with other logistical problems. The Schleyer case in particular has shown that there is a high degree of organisation and of planning, for since Herr Ponto's murder precautions have been stepped up for leading figures in business and industry considered "likely" targets for terrorists. The police have admitted that Dr. Schleyer was prominent among this group of people, and that the guard on him was increased only a fortnight ago.

The selection of Dr. Schleyer *by the terrorists appears to have* been deliberate. His is a powerful conservative voice in the economic and social debate, because he combines the two separate jobs of President of the Employers' Federation and of the Federation of Industry. The trade union movement regards him as a hard-liner on wages, social policy and, particularly, on the new worker participation law.

In addition, Dr. Schleyer may have been picked by the terror*ists with an eye to winning the* sympathy of the younger people on the Left. He has often been a target of Marxist, Trotskyist and East German Government propagandists who accuse him of having harboured Nazi sympathies during the war.

That there is at least a hint of sympathy on the far left for the terrorists and their current campaign of hate against big business seems beyond doubt. Herr Schmidt, after the Buback murder and again on television on Monday, appealed to such sympathisers to face up to the fact that anyone "for whom a society built on law has a meaning" ought now to co-operate to the full with the authorities. The Chancellor's grave and impressive manner will doubtless have been approved of by the vast majority of West Germans, whose total abhorrence of the terrorists has never been and is not now in the slightest doubt.

Aggressive Left

Uncomfortable as it may be, however, there also does exist an intellectually influential, if numerically limited body of opinion which rejects the whole *notion of a West Germany as a* society built on law as hypocrisy. Dr. Helmut Kohl of the CDU is not alone in his concern that profoundly anti-democratic people may have gained a disproportionate degree of power in university studies and political affairs. Several scholars from outside West Germany have reached the same conclusion. It has hardly been contradicted by events such as a statement in a left-wing G tingen student newspa approving the murder of Buback.

Yet even within an incr ingly aggressive intellect extreme Left, those who h turned to violence remain very small minority. Much been written about who they —in many cases the w educated children of mid class business or professi parents. Among the ringlead now, if the authorities are r there are several of extreme left-wing lawyers first came to prominence defence counsel for original Baader-Meinhof rorist group.

The leaders of that g Ulrike Meinhof and And Baader were caught and prisoned. Frau Meinhof c mitted suicide in gaol.

Little is known about w the German terrorists w beyond expressing violent seemingly insatiable hatred West German society as it is here that the "Red A Faction", and their suppo differ markedly from the I the Basques, the Palestini the American "weatherm of the 1960s and other terro groups with whom they h often carried sympathy to point of active assistance. T is no "cause" readily cernible beyond the venting rage at a society perceived being overbearing, conform and above all, pe paternalist.

Catalogue of wrongs

Since the first wave of atta on American bases and ser men, the original vaguely l wing creed has virtu vanished from the few pu utterances that the terror have made. In place of ideol there is an endless catalogu real or imagined wro suffered by terrorist groups prison, or at the hands of police, suggesting that terrorists live in an incr ingly self-contained and a st off world.

It is this absence of any cl political direction that ma the German terrorist problem hard to deal with. Certain there is a broader political sult from their activities, it been to raise disquiet ab some of the police tactics use irregular wiretapping, the f assment of left-wing applica for civil service jobs, and some cases, alleged third-deg methods. That disquiet is confined to the Left, and it found a wide echo outside Federal Republic, in Amnesty International. Yet relatively rough, and still so times surprisingly German democracy has m only very reluctantly in illiberal direction. That it taken even one step is the orists' only achievement.

MEN AND MATTERS

Lying invisibly abroad

Although the recent "think tank" report on the diplomatic service gave the impression that the cost of all those pink gins and things in our Embassies abroad was too high, the latest Pink Book on the balance of payments statistics suggests otherwise.

It shows that foreign countries spend almost twice as much to maintain their diplomatic presence in London as the Foreign Office spends in keeping our chaps abroad in the style to which we as a nation are no longer accustomed.

All in all, it only cost £137m. to staff and maintain U.K. Embassies abroad last year, while overseas governments spent no less than £265m. in comparable expenditure here. On these figures at least our diplomats are nothing less than net invisible exports, metaphysically speaking of course.

"So that's why we marry British and buy foreign!"

Prayer is free

Down in Wiltshire, those two religious masterpieces, Salisbury Cathedral and Stonehenge, have been attracting more tourists than in any previous year. The sight of the milling crowds must please the cathedral clerics for this is proving a record year for revenue. Salisbury is the only cathedral in the land that charges admission: 15p for adults, 5p for children and pensioners. Of *course, it's not put exactly like* that—visitors are "asked for contributions" when they reach the ticket office at the main door.

This year so far, the cathedral has collected £38,000 and expects that by the time the ticket office closes in October at least £45,000 will have come in. It will all be devoted to restoration and maintenance. The chapter clerk, Colonel Roden Parry, told me yesterday that there are very few complaints: "About one visitor in 5,000 refuses to pay." He said he was definitely against the way matters are ordered in France, where cathedrals have a state subsidy. Then rather shrewdly he anticipated a question I was just about to put: "Naturally, if you told us you wanted to go into the cathedral to pray, we should let you in for nothing."

Saudi who?

Figuring out the rights and wrongs of the Arab-Israeli wars *which have punctuated the last* 30 years must have proved extraordinarily difficult for what a recent public opinion poll calculates as over one quarter of the British public.

For the poll found that no less than 27 per cent. of those interviewed think that Israel is an Arab country. What is perhaps even more extraordinary is that only 84 per cent. thought that Saudi Arabia was an Arab country. Unfortunately *the survey does not tell us* where exactly the other 16 per cent. thought it was, somewhere around Grosvenor House, I presume.

The survey was carried out by the Opinion Research Centre on behalf of the monthly magazine, Middle East International.

On a more serious level, 52 per cent. of the 1,103 people questioned thought Israel should withdraw from the Arab territories occupied in 1967, 76 per cent. thought the Arabs should recognise Israel, and 58 per cent. that the Palestinians should be free to establish their own state.

A revamp for Comrade Dracula

The Romanians are clearly in two minds about their best-known mythical figure, Count Dracula, the blood-sucking spirit of the "undead" who was supposed to live in the Carpathians in northern Romania.

On one hand, they ply a merry trade in special Dracula Tours for foreign visitors. The Romanian tourist office in Jermyn Street offers two separate itineraries costing about £150 each to the places made famous by Bram Stoker's Victorian novel as well as the haunts of Vlad the Impaler, the stern medieval prince whose habit of driving wooden stakes through his enemies' hearts give rise to the Dracula legend.

The office tells me that well over a thousand British people go on these trips each year, to say nothing of visitors from other countries.

But now, the Romanians seem to be preparing, if you will pardon the expression, to cut *their own throats.* According to the official news agency Agerpress, Romanian film makers, have just embarked on a project to dispel once and for all the "dismal light" shed by the Stoker novel.

Shooting of a two-part film about Vlad the Impaler has begun which "portrays the Prince not in an image distorted by legend but in the true reflection provided by contemporary documents, as a valiant chieftain." Far from being a nasty fellow, Vlad, it appears, was merciless to traitors, brigands, and murderers, and a resolute fighter for the independence and prosperity of the homeland.

He was, Agerpress admits, "extraordinarily exacting" which could be a way of saying he demanded his pint of blood. But if you think of all the books and films that have been based on Dracula, to say nothing of those tours, the Romanians could be destroying not just a legend but a multi-million pound industry too.

Pre-historic

While a colleague was watching Fred Zinnermann's film A Man for All Seasons on television at the week-end, his six-year-old daughter said:

"Dad, did it all happen a long time ago?" He replied, "Yes dear, more than 400 years ago." She thought about this for a moment and then said: "Well then, why isn't it in black and white?"

Observer

FINANCIAL TIMES SURVEY
Wednesday September 7 1977

Luxembourg Capital Market

A settled air of confidence in its role in international financial operations surrounds Luxembourg to-day. Problems which once loomed large have faded away, the influx of foreign banks continues, and the Euromarket sector is flourishing.

Much surer of itself

By Mary Campbell
Euromarkets Editor

GOING BACK to Luxembourg after several years (as I have just done), what is most striking about the financial scene is that Luxembourg is no longer *on the defensive. A few years* ago, Luxembourg was still regarded as on a par with Lichtenstein as "the other" brass plate "off-shore" centre in the heart of Continental Europe. It had been closely associated with Bernie Cornfeld's Investors Overseas Services. It was the place from which the German banks cocked a snook at their central bank's regulations. The story ran that its borders with Belgium were *left unmanned by customs officials* once a week so that Belgian citizens could collect interest on their bond holdings tax-free.

This image, and the reality insofar as it conformed with the image, ensured that there was constant foreign pressure on the Luxembourg authorities to clean up the place: or at least give financial authorities elsewhere the means to prevent it contaminating their own financial markets.

The Luxembourg Banking Commission always seemed to be under pressure from somewhere—either from the German Bundesbank to hand over information it had collected on German banks operations or *from somewhere else to "harmonise"* its tax and banking structure in such a way that those fleeing tax payments could not do so via Luxembourg.

The defensiveness was nowhere more evident than in conversations with the Press: in particular, the main aim of *every* Luxembourg banker a few years ago seemed to be to impress on visiting journalists that Luxembourg was not any kind of tax haven.

Now the whole spirit of Luxembourg's financial market has changed. The defensiveness has completely gone (though the *courtesy which always accom*panied it has not).

Watered

One reason for this is doubtless that the various threats which encompassed Luxembourg a few years ago have faded away. The proposals for harmonisation of banking legislation within the EEC, which threatened London's Euromarket business as much as that of Luxembourg, have been watered down to the extent that they will not do anyone any harm.

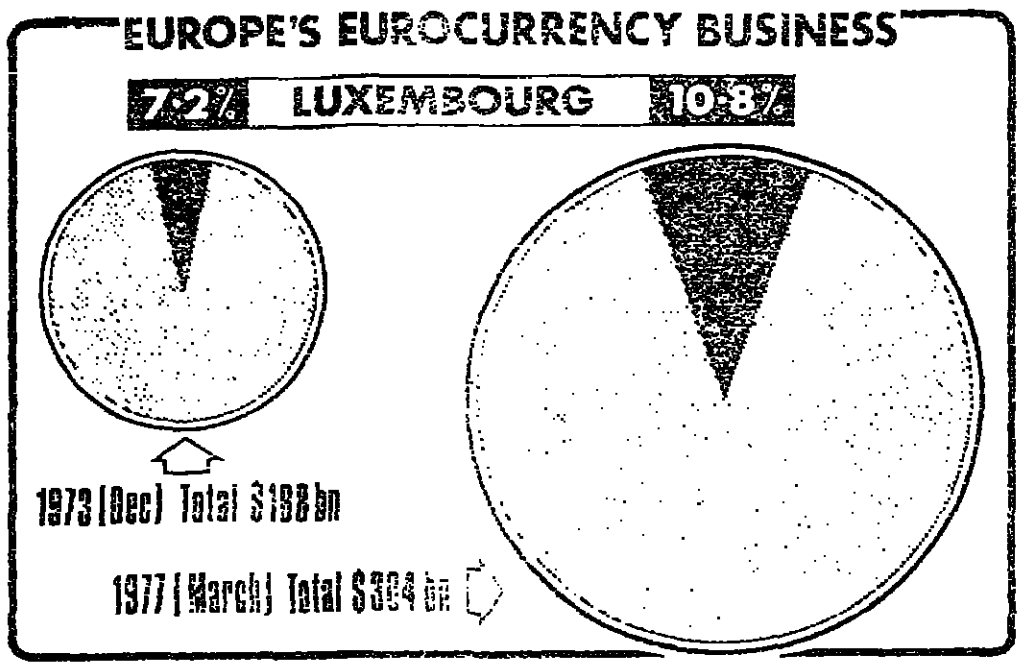
Luxembourg's relationship with the Bundesbank has also according to the Luxembourg Banking Commissioner (the main financial authority in the Grand Duchy, which has no central bank), reached equilibrium.

Two developments in particular have caused the change. One is that in the course of an international financial crisis which threw up *scandals in the most overtly* respectable places, Luxembourg came through whiter than most while its prudential requirements proved sufficiently strong to hold the banking system intact against the backwash of the crisis.

The second is that it has found what looks like being a permanent *role* in the international financial markets as the home of the Euromarket's *second most important currency*, the Euro-Deutschemark.

The crisis which Luxembourg weathered so successfully was *that of mid-1974. It had been* precipitated partially by the over-ebullient international lending activities of commercial banks in the previous two or three years, partially by the oil price rises which built *further lending on top of this in the form of recycling,* and finally by a crisis in the international short-term money markets arising from the way the collapse of the German *bank I. D. Herstatt was handled* by the German authorities.

The net result of the crisis was that international funds flowed as fast as their owners could take them into the world's largest banks and biggest financial centres. This threatened a major and perhaps critical deposit loss for smaller institutions, particularly those in financial centres closer to the fringe such as those in Luxembourg.



Accounts of the extent to which Luxembourg banks suffered deposit withdrawals as a result of what became known as the Herstatt crisis vary greatly. Some banks even maintain that they, at least, suffered no deposit withdrawal at all.

Perhaps the most graphic summary of the potential problems was that made at the time by a Luxembourg-based subsidiary of a major European bank (an institution, one should add, of impeccable credentials both at head office and in Luxembourg). Whether apocryphal or not it is indicative.

This bank apparently suddenly found one day that it could no longer borrow funds on the inter-bank markets from U.S. [illegible] turned [illegible] U.S. banks as [illegible] a minimum size [illegible] banks with which they would place deposits—[illegible] apparently passed [illegible] to U.S. bank [illegible] overseas. This [illegible] that it excluded most of the banks in Luxembourg, which promptly found themselves cut off from the main source of dollar financing.

The problem was eventually sorted out by dint of European banks threatening to withdraw local currency deposits from U.S. bank branches in their home countries if the U.S. banks did not change their policies towards subsidiaries of European banks. The U.S. banks then reportedly saw the error of their ways and the crisis passed away.

Luxembourg's importance in the Euro-Deutschemark sector of the Eurocurrency market has now become well established.

On the one hand the Euro-Deutschemark represents a much higher proportion of Luxembourg's overall banking business than it does in the Euromarkets generally (47 per cent. against 15 per cent. in European countries as a whole). On the other, Luxembourg also accounts for a tidy proportion of all the Euro-Deutschemark business transacted—about 30 per cent. at the last count. It has more D-mark business than dollar business.

The key to Luxembourg's lasting importance in international finance now is that the German banks have chosen to make their main international base.

Heralded

Dresdner Bank's Luxembourg subsidiary has just celebrated its 10th anniversary. In an essay in its last annual report on the development of its Luxembourg operation it claims to be the first post-war branch of a German bank to be opened abroad. It was apparently severely taken to task for this claim by a small trading bank which had opened up earlier in Panama; but there is no doubt that the Dresdner Bank's establishment in Luxembourg marked a trend by German banks generally to set up there. At the beginning of 1967 there were none; by June this year there were no fewer than 21.

The basic rationale for the German banks operating in Luxembourg is to avoid reserve requirements on their international business. German regulations are such that the requirements would apply to international business even if it were international on both sides of the balance sheet (that is: borrowing from one foreigner to lend to another). This puts a big penalty on doing so-called "out-out" banking business in Germany.

Luxembourg is close to head offices and German is widely spoken in the country. It is convenient for German banks.

The German banks are now thought to be responsible for about half of Luxembourg's Euromarket business.

The growing importance of Luxembourg in the Euromarkets can be seen from the accompanying pie charts. These somewhat [illegible] Luxembourg's position since they show it in relation to international banking business transacted by banks in Europe—and the main growth of international banking since 1973 has been by banks outside Europe. Given the fact that German banks still have a long way to go before they achieve the importance in international banking which the importance of their economy and currency would warrant, Luxembourg looks likely to have a rosy future.

This is all the more the case because Luxembourg now has all the trappings of an international financial centre. One element here is the ever-growing stream of banks setting up there: the latest group are the Scandinavians, who, like the Germans, have chosen Luxembourg for their first operations ever in a burst of overseas expansion.

Another is the money markets. It is only within very recent years that an internal money market has grown up within Luxembourg. There are now seven money-brokers (the majority of them offshoots of London houses) where a few years ago there were none. So much has Luxembourg become a market in its own right that thought is even going into the introduction of its own money market instruments. The pos-

CONTINUED ON NEXT PAGE

Narrowly based economy

THE LUXEMBOURG economy has two main props, banking and steel, one healthy and the other decidedly poorly. Steel accounts for over 90 per cent. of all the Duchy's exports, not surprisingly when the tiny home market can only absorb 7-8 per cent. of total domestic steel production. In a good year steel accounts for nearly a quarter of the country's Gross Domestic Product (GDP).

But 1974 was the last good year for European steelmakers, and since the slight upturn in the spring of 1976 steel production in the Duchy has been declining steadily. In the first half of this year it was 8 per cent. down on the first half of 1976.

The steel sector's problems parallel those in the rest of Europe: low prices, stagnant domestic consumption, overcapacity, and Japanese and other non-European competition inside the EEC and in third markets. The only short-term hope that Luxembourgers see for a revival is in the Brussels Commission plan for EEC steel in operation since May. This elaborate mix of voluntary curbs on steel deliveries and indicative minimum prices, aims to bring steel supply and demand back into equilibrium at a higher price level where companies could again hope to break even. The last two months have seen a slight rise in prices, but it is still too early to gauge whether this alone will lift the industry out of its present trough.

Luxembourg steel really means one company, Arbed, which accounts for 90 per cent. of production. Such is the measure of Arbed's present sorry state that cutting its 1975 loss of Lux.Frs.3bn. (£48m.) to a loss of only Lux.Frs.1.3bn. last year was accounted a considerable success. Arbed officials concede there is almost no chance that this year's losses will be any smaller.

Without the cushion of a proper home market to fall back on in times of trouble, Arbed is particularly at the mercy of protectionist moves abroad, and even within the EEC, against its products. But because it is by far the largest employer in the Duchy, with 20,900 out of the country's total active 147,000 work-force, it is politically impossible for it to lay off workers in the way other companies might contemplate. Nor, with capacity utilisation at barely over 60 per cent., can it much extend short time working in steel.

To rescue Arbed from this dilemma, the Government has taken its surplus workers off its hands and put them on to public works, construction, and even anti-pollution projects. Thus it is not surprising that the number of totally unemployed is still less than 1 per cent. of the total work-force—which is just as well since Luxembourg's unemployment benefits scheme, introduced two years ago, is still in its infancy.

The future strategy of Arbed is two-pronged. The first is an attempt to diversify more into downstream steel activity like mechanical engineering, the second a brave bid to secure its long-term future in basic steelmaking by redoubling its investment efforts. This year it is to invest a total of Frs.6.3bn. (compared to only Frs.2.6bn. in 1975), and of this all but a mere Frs.186m. will be spent on its Luxembourg sites. This alone leads Government officials to estimate that after several years of decline gross fixed asset formation in the country will rise this year.

Doubtful

It is doubtful, though, whether Arbed can sustain this investment level into 1978—despite its now regular borrowings on the domestic bond market—if there is no quick pick up in the steel market. It is equally doubtful whether current pressures from the Government on it to pick up some of the pieces of a virtually bankrupt joint Belgo-Luxembourg steel company, Rodange-Athus, can enhance Arbed's future.

The long-term employment problem for Luxembourg is how the 3,500 or so steel workers that officials reckon should be made redundant by 1980 can be redeployed in other sectors. The booming banking sector, for instance, is hardly labour-intensive or, at least, not an intensive user of the skills of ex-steel workers, and Luxembourg banks which already employ 6,000 people will probably only absorb another 300 by the end of the decade.

The bleak outlook for steel is reflected in the Government's growth estimates, which put GDP rising by 1.9 per cent. this year, as against 3 per cent. in volume terms last year, and guess/estimate 2.5 per cent. growth in 1978. Banking and tourist invisible earnings have kept Luxembourg's trade balance favourable, though in fact all Luxembourg trade statistics are lumped together with those of Belgium. But Luxembourg's terms of trade continue to decline; exports this year are estimated to rise 2.8 per cent. in volume and 5 per cent. in value (again depressed by steel), while imports are reckoned to rise 4 per cent. in volume and at least 6 per cent. in value.

Employment pressures coupled with a falling inflation rate have combined to keep salary increases low. In the first seven months of 1977 the annual rate of inflation was down to 7.3 per cent., and even though the Government is allowing for a 1977 average inflation rate of 7.6 per cent., it is also hoping that this will decline to 6.9 per cent. next year. In these circumstances it is the rapid expansion of consumer credit that will probably produce a rise in private consumption of 3 per cent. this year.

Traditionally Luxembourg governments have balanced their budgets, and when last year the Government of Prime Minister Gaston Thorn tried to unbalance it by allowing for a Frs.500m. deficit (which took account of a Frs.1bn. Government bond issue), he failed.

The somewhat surprising result was a Frs.900m. surplus — in which bigger State spending on public works and unemployment benefits was outweighed by an unforeseen extra Frs.2bn. that taxes on banking operations brought in — a good example of Luxembourg as a financial centre subsiding Luxembourg as a steel producer. This year the Government is hoping to do better, and produce a small deficit, in addition to another Frs.1bn. bond issue, likely to be launched this month or next. Finance Ministry officials see every likelihood of public borrowing continuing at the same level in 1978.

The second push to the economy comes from the very rapid expansion in consumer credit that has taken place this year and last. Since the Government took off in late 1975 the credit ceilings that it had required Luxembourg's dominant domestic financial institution, the Caisse d'Epargne de l'Etat, and the four other important Luxembourg banks, to impose, consumer credit has increased from Frs.2bn. outstanding at the start of 1976 to Frs.2.9bn. at end-June last. By the latter date the rate of annual increase was 30 per cent. On the other hand, housing credit, for which demand was strong in the first quarter of this year, has since faltered.

If this trend continues, and the rate of inflation continues to drop, there may well be some pressure for the Caisse d'Epargne, which provides the vast bulk of Luxembourg's housing credit, to drop its interest rates which have stayed at their present level since mid-1974 and are now beginning to look a little high.

Where the Government has taken positive action is in the creation this year of a Societe Nationale de Credit et d'Investissement (SNCI), which was approved by Parliament earlier this year and which is due to start business before the end of the year. It will have a start-up capital of Frs.1bn., coming mostly from outside the normal budget, and with Frs.500m. drawn from Luxembourg's so-called crisis fund (set up in the 1930s and now worth about Frs.1.3bn., partly in gold).

The SNCI will treble up three functions: first as a public company holding State shares in the private sector; secondly as the main provider of investment credit; and thirdly as a State provider or guarantor of export credit. Finance Ministry officials insist that it will not be used to sustain lame duck companies, and will concentrate on sectors with profitable prospects but inadequate capital resources. They say that State participation, hitherto only on an ad hoc basis, will now be formally authorised.

The Luxembourg Banking Association has not objected to this role of the SNCI, but it has criticised the Government for entering the field of investment and export credit and competing with the banks. Their fear is that in addition to the State-controlled Caisse d'Epargne already taking 40 per cent. of the consumer and housing credit market, the Government is about to create "a second elephant." Government officials, for their part, point to the country's need for greater resources in investment and export credit to match facilities provided by its neighbours—an argument that seems to have won the day.

Since the start of the year there has been a rise in the "surplus liquidity" of Luxembourgers. This can be measured by the excess of non-bank loans to the Luxembourg banks from residents over the non-bank credits from the banks to residents. At the end of last year this surplus was Frs.45.4bn., which by the end of June 1977 had risen to Frs.48.9bn. Much of this surplus is placed in the international market place. But there has also been more activity in the domestic bond market.

Last year the Government went to the market for Frs.1bn., Luxembourg companies for Frs.1.7bn., and non-residents for Frs.1bn. Already this year the total floated is Frs.2.9bn. with non-residents taking Frs.1bn. again. But with State about to come in Frs.1bn., and other issues in offing, Commission Banc officials reckon that this domestic bond operations top Frs.5bn.

Some of the reasons be this relative flurry of act on a market, which is of co dwarfed by international is are a decline in interest outside the country, a lo issue term (up to 12 ye that can once more be obta and a greater need from Lux bourg companies like Arbed outside finance. But the C mission Bancaire is keen ensure that only top class rowers (like the City of Os borrower this year) come to Luxembourg franc mar This is aimed mainly to pro the local investor but also ensure a uniformity of in and yields in the market.

The performance of Lux bourg company shares on Bourse has improved since low in February, with the traded shares being Arb Audiofina (linked to RTL Luxembourg) and the Ban Internationale. But the only creases of capital that taken place are in fact con sions of bond issues.

David Buc

Surer

CONTINUED FROM PREVIOUS PAGE

sibility of a market in D-mark denominated certificates of deposit for example has been widely canvassed.

The most likely reason for a decline in the position of Luxembourg, apart from a general decline in the Euro-currency markets as a whole, would arise from a decision by the German banks to base the bulk of their international business elsewhere. It is possible to envisage such a development for the reason that Luxembourg is not the cheapest or freest of centres.

So far the German banks have been comparing Luxembourg with Germany: if they were to start comparing Luxembourg with other places it seems possible that some of the Duchy's disadvantages vis-à-vis these other centres might become evident in much the same way as American banks discovered it was cheaper to book business through Nassau than through London, although London was still cheaper than the U.S.

Luxembourg has certain disadvantages for large scale international lending activities, most notably a lack of double taxation agreements which, bankers say, cuts back the number of countries to which they can make loans (or at least cuts back the profitability on lending business to those countries). Taxation is not low by the standards of some centres (except for holding companies).

As one bank puts it: "If as a foreigner you want to set up a shoe-making factory to employ 50 people, the Government will give you grants, cheap loans and fall over backwards to help in every way; if you go to the Government and say you want to set up a bank, it replies 'we will tax you'."

So far, however, the conversion of this kind of thinking into action by the German banks seems a long way off. Meanwhile Luxembourg's international financial business thrives.

The same cannot be said of the American banks. A few years ago Luxembourg was being billed as the closest there was to a potential threat to London's position as the favoured site for U.S. banks' Euromarket operations. More and more U.S. banks were setting up in Luxembourg; it was cheaper, closer to European markets and less strike-bound. One U.S. bank (Wells Fargo) set up in Luxembourg before opening in London at all.

Now there is no sign of any of that. There are actually fewer U.S. banks operating out of Luxembourg now than was the case in 1973-74, while those that are still there have cut back their operations in Luxembourg substantially.

Overtook

The Germans first overtook the Americans in numbers of banks in Luxembourg in 1975. Now the Germans and Scandinavians between them account for more than double the number of Americans.

The thinking behind the German and Scandinavian banks' expansion into Luxembourg is set out in later articles.

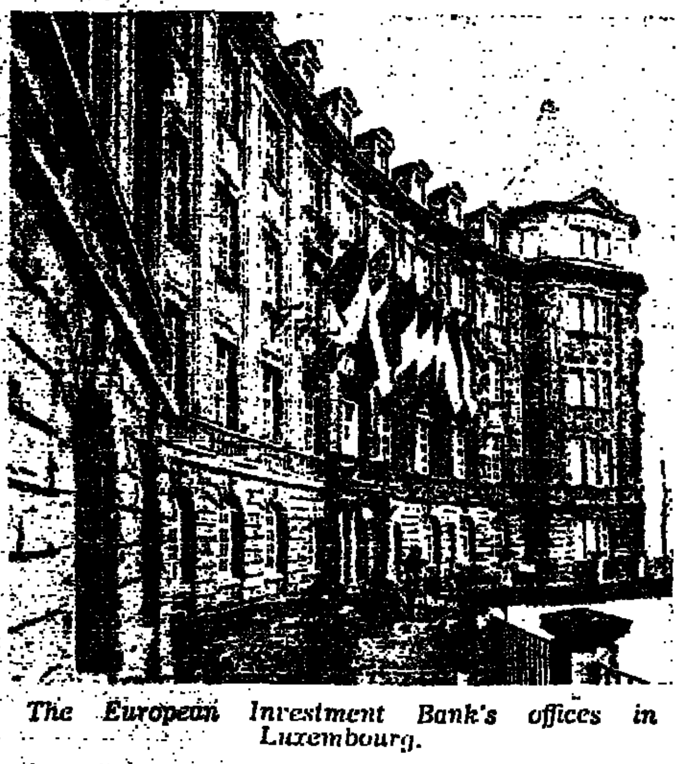
The reasons for the U.S. retreat — a rare phenom indeed — appear to be twofo London better satisfies th needs for a real internatio banking operation in Euro (that is, a banking operat where the staff purporting t the job work in the office wh the job purports to be do while, insofar as they want so-called brass plate operati — an office through which book deals so as to avoid tax reserve requirements, etc. Nassau was more satisfact than Luxembourg.

The domestic economy course gives no good reasons a foreign bank to be in Luxe bourg — unlike many oth European capital cities.

The most positive devel ment in U.S. banking seems be towards developing a po folio management service out Luxembourg. In the wake the Credit Suisse debacle Chiasso, one U.S. bank clai that he had had several quiries from former Swiss ba customers.

The advantages of Luxe bourg for this kind of operati could be strong. With its hol ing company and investme trust legislation it has a lo tradition as an entrepot f portfolio investment funds. Th is much more the case than London and if the U.S. comme cial banks' moves into t securities business were to ta off, Luxembourg would see the likely place for the exerc of private clients to be handle The comparison here would with Switzerland, and most the costs are less in Luxem bourg.

EIB proves its worth



The European Investment Bank's offices in Luxembourg.

THE EUROPEAN Investment Bank (EIB) came to Luxembourg from Brussels in the 1950s by a quirk of internal European Community politics. It was agreed that the Duchy, in return for losing certain EEC institutions (notably part of the European Coal and Steel Community) should get as replacement some EEC body of economic or financial nature. The benefit is mutual.

The EIB has almost certainly drawn advantage from Luxembourg's growing international financial position and excellent telecommunications. For Luxembourg, the bank is not only of those *EEC institutions* that provide valued employment in the service sector, but one which *also* lends extra weight and prestige to its international banking reputation.

EIB operations have increased along with those of the rest of the Luxembourg market place—financing by the bank totalled 1.27bn. European Units of *Account (£838m.) last year* compared with 1bn. EUA in 1975. But the reasons for the growth have been rather different and lie in the EIB's responsibilities under the Treaty of Rome to provide, broadly, finance for a balanced development of the Community and, specifically, to provide project finance in the EEC's poorer regions and for *schemes of common European* interest (mostly energy and transport projects).

The amounts that the bank has provided in these areas are very substantial indeed, and are growing rapidly. Of the total 6.3bn. EUA the bank has provided for investment in the Community, three quarters has gone to the less prosperous regions—mainly in the U.K., Italy and Ireland. Of the 1.83bn. EUA the EIB has provided inside the Community for energy projects, three quarters has been made available since 1973. The bank also plays an important role outside the EEC, *in providing development* finance (with interest rate subsidies from the member States) as an arm of the EEC's aid policy.

For instance, last year EIB lending outside the Community rose to 187m. EUA from 89m. *in 1975, mainly because of* increased activity under the EEC's Lomé agreement with over 50 developing countries, *and also because of the EEC's* special financial assistance to Portugal. Although bank officials estimate that operations outside the EEC will not go higher than one-fifth of total lending, they will certainly increase in absolute terms.

Under the 13 new or renewed agreements that Brussels over the past two years has made *with countries around the* Mediterranean basin, the Community is to provide some 1.5bn. EUA in various forms of development finance over the next five years, much of it involving the EIB as lender.

Scope

The bank's political masters (the Governments of the Nine) want to increase the scope of its operations. Its loans (often raised outside EEC capital markets) do not involve Governments *forking out money* directly — except on interest rate subsidies. In particular they want to see the *EIB* step up its loans for job creation projects in the Community's poorer regions.

To this end, the EIB's Board of Governors (composed of national Finance Ministers) made it clear at the annual meeting in June that next year *they would probably vote an* increase in capital. At present the capital subscribed by the shareholders (member States) is 3.5bn. EUA, of which only 15 per cent. or 556m. EUA is paid up.

By statute the bank's loans and guarantees outstanding cannot go over 250 per cent. of subscribed capital. Thus the *present ceiling on outstanding* loans is 8.86bn. EUA. Even though at end-1976 the actual amount outstanding was 5.8bn. EUA or 164 per cent. of the subscribed capital, given the recent and expected rate of loan activity an early increase in capital is clearly necessary.

The bank is "responsive" to the wishes of the EEC Commission. A Brussels official *sits on* the EIB board to inform his co-directors what those wishes are and to try and make sure that the bank's activities further Community aims. But the EIB is also financially and administratively a separate body, *and as one of its vice-presidents,* Sir Raymond Bell (a former U.K. Treasury official) comments: "We are not a philanthropic institution." The bank's purpose is to use its triple A credit rating, based on the security of its own capital and the soundness of its loan portfolio, to borrow long term as cheaply as possible and lend *on to viable and productive* projects, while covering its own costs.

The basic philosophy is where possible not to compete on the EEC capital markets but to go outside to bring fresh money into the Community. Of the *789m.* EUA that the bank borrowed on the capital markets last year, only 150 EUA *were in Community currencies.* True this was an exceptionally low proportion because of high interest rates in many EEC countries and because the bank had to limit its D-mark issues. Despite abundant liquidity and falling interest rates in this sector, borrowers were unwilling to take the exchange rate risk on D-mark loans.

But the bank's general spread can be seen from its total borrowings at end-1976 of 4.7bn. EUA—of which 43 per cent. was in U.S. dollars, 14 per cent. in D-marks and 9 per cent. in Sw. francs. This year saw the first Euro-yen issue ever raised by the bank.

It is no accident that the bank sticks to harder currencies with *lower interest rates. For one* thing, its biggest customers are Britain and Italy, and it would serve little purpose lending lira to Italian projects or sterling to British, in competition with the domestic commercial banks. The EIB sees its role as complementary to the private banks; indeed the banks often introduce clients to the EIB.

The EIB does not lend more than 50 per cent. of the cost of a project, with a ceiling of 80m. EUA on any one loan. But for very large projects of *Community interest mounted* by several organisations, two or more loans totalling a larger sum could be granted. This is how, for instance, the EIB might help finance the Channel Tunnel if that project were ever to be revived.

In addition to checking thoroughly the viability of a *project that it is financing,* the bank also requires guarantees from the EEC member State in whose territory the project is being carried out, though guarantees can also be provided by public authorities or by charges on collateral and liquid assets.

But there is also another type of guarantee—that against exchange rate fluctuations on the EIB loans themselves—which many borrowers want. This is *provided* by the U.K. Treasury, for instance, on all loans to British public authorities, and by the Italian Government, particularly for the development of *the Mezzogiorno.* But the lack of an exchange rate guarantee can pose problems for companies which do not have foreign exchange earnings themselves to cover the risk on a foreign exchange loan.

This is a source of concern to the bank, which wants to increase its loans to industry, particularly to the smaller companies. Last year there was an upswing in lending to industry *to 298m. EUA from 138m.* EUA in the bad year of 1975. But bank officials would like to see *more than the present* 27 per cent. of loans going to industry.

One way it tries to achieve this is by a "wholesale-retail" operation—the granting of "global loans" to intermediary financial institutions for lending to small and medium-sized *industry. Last year seven* "global loans" worth 61m. EUA (10m. EUA in 1975) were granted. But the snag is that these small companies are precisely those that find it hardest to take the exchange rate risk. The president of the EIB, M. Yves Le Portz, suggested to the bank's governors in June that they should consider extending their exchange rate cover in this area.

The EIB appears quite willing to increase its activities, as both EEC Governments and Commission officials would like. Bank officials concede that there may be some slow-down in its loans for nuclear power plants, if the growing anti-nuclear lobby succeeds either by direct action or *through the courts in delaying* new construction. Otherwise, an overall increase is EIB operations is expected.

But there are some worries about the indirect effects of the new Jenkins Commission's international borrowing plans on *the amounts the EIB can raise.* The EEC Commission's plan to develop a new line of Community borrowing, of up to 1bn. EUA, for industrial reconstruction was given only a lukewarm reception this summer by Ministers of the Nine, whose approval is needed. But the EIB fear is that yet another Community borrowing institution — *in addition to the Coal and Steel* Community, Euratom and the EIB itself — could produce too much EEC "paper" for the markets to digest.

Allocation

There is no country-by-country allocation of EIB loans, as there is with bodies like the EEC Regional Fund. Any such straitjacket would prevent the bank acting like a bank, seeking out viable projects wherever they can be found. But the U.K. *gets a large share, £259m.* last year or 38.5 per cent. of all EIB operations within the Community.

Energy projects are considered to be of common EEC interest by the EIB (however much Mr. Anthony Wedgwood Benn may want to keep Britain's oil for Britain alone) because they reduce the Community's *overall dependence on imports.* Thus with the heavy investment needs of North Sea oil and gas and the U.K.'s regional problems, the bank's two main lending criteria coincide in the case of Britain to an unusual degree. Sometimes they overlap, as in the case of last year's £16.9m. EIB loan to the Shetlands Islands Council to help finance the building of an oil tanker harbour at Sullom Voe, which may create or maintain up to *1,000 badly needed jobs.*

In 1976 the main EIB loans to the U.K. were for:

- Production platforms in the Beryl and Thistle North Sea oil fields, Sullum Voe tanker harbour, a North Wales pumped storage power station, *natural gas transmission in* Scotland, the North and the South West of England.
- North and South West of England water supply *schemes* (following the 1975 and 1976 droughts), telecommunications and steel modernisation (here EIB operations overlap with the Coal and Steel Community).
- Expansion of cross-Channel hovercraft links, a new ferry between *Holyhead* and Ireland, and the development of high-speed Advanced Passenger Train.

Most loans go to local authorities or public corporations; Distillers and British Olivetti are the only privately owned companies to get recent EIB loans. The problem is again lack of cover against exchange rate risks. For instance, two "global loans" worth £13.5m to Industrial and Commercial Finance Corporation (now part of Finance *for* Industry) have not been fully taken up by the small British companies for which they are intended—for precisely that reason.

David Buchan

West Germans have the biggest slice

ON THEIR own estimates, the German banks now account for some 50 per cent. of the banking business transacted in Luxembourg, and their presence in force has over the past few years dictated the development of Luxembourg's financial markets—though their arrival in the first place reflected quite different factors.

Dresdner Bank was the first German bank to move into Luxembourg, in July 1967. According to Herr Volker Burghagen, joint managing director of the Luxembourg subsidiary (which has recently been renamed the Compagnie Luxembourgeoise de la Dresdner Bank AG), the move was never expected to give rise to a company of the size and importance it has to-day.

It was merely that Dresdner Bank, as a major force in German banking, thought it time to look abroad; and Luxembourg as a venue for the experiment offered the advantages of language, position, relative cheapness—certainly as compared with London—common membership of the EEC, and rather fewer inhibitions on account of the war than the mother bank, as the first of the German majors to open up abroad, feared it might encounter in London. In the event the footings of Dresdner Bank's Luxembourg subsidiary have increased from Frs.L2.7bn. to Frs.L203.2bn. over the past decade, and its establishment in Luxembourg has been followed by that of 20 other German banks.

A few of those 20 followed Dresdner Bank to join the handful of American and French banks already in Luxembourg before the turn of the decade: but the real influx of German banks came in the wake of the imposition of the Bardepot restrictions in Germany in 1972. After that German banks looking for expansion had to look abroad: and Luxembourg became the focus of all eyes. Its natural advantages were after all complemented by liberal requirements on the debt-to-asset ratio, which permitted large-scale expansion on a relatively small capital base; and while for the sake of safety the Luxembourg banking authorities required a high (30 per cent.) degree of liquidity of the banks within their jurisdiction, how they deployed that liquidity was left (profitably) to them.

The influx has now become self-feeding. For in addition to its natural advantages (not, after all, all that natural to the Scandinavians and Arabs who are now setting up business in Luxembourg, or the Japanese whom the Luxembourg authorities hope may follow them), and the liberal requirements which attracted foreign banks in the first place, Luxembourg now also offers a large and active Eurocurrency market. The presence of the German banks, in particular, has turned the country into the leading centre for Eurodeutschemark business.

So while London remains the great Eurocredit centre, with the majority of medium-term lending in its grasp, thanks to its preponderance in the Eurodollar market, Luxembourg reckons it ranks second. Just at the moment, though, that is not much of a cause for rejoicing for the banks in Luxembourg, for with spreads narrowing they are all, German and others alike crossing their fingers against a repeat of the plunge to ⅜ of 1 per cent. which was seen in 1973, and wondering whether they can change their mix of business.

The German banks established in Luxembourg in fact hold diversified portfolios of assets already, and exercise themselves on a wide range of activities. Dresdner Bank's subsidiary in Luxembourg is itself relatively light on Eurocurrency lending, with maybe 35-40 per cent. of its assets tied up there at the moment: interbank deposits and a portfolio of securities — mainly D-mark bonds—account for the rest.

Arbitrage

The securities business gives rise to some arbitrage; and in addition the company—like the Westdeutsche Landesbank Girozentrale subsidiary WestLB International, which makes a speciality of it, or Deutsche Girozentrale International—is active in the foreign exchange market. Unlike them, Compagnie Luxembourgeoise de la Dresdner Bank also goes in for a certain amount of portfolio management for clients—a business arising from its parent company in Germany—and for some bullion dealing.

Most of the German banks admit to mismatching their assets and liabilities from time to time in the hopes of making a quick turn: all of them claim that it is done on a very limited and controlled basis—though of course there are always "other people" who will commit up to 25 per cent. of their portfolios in this way. That is not likely at the moment, though; the yield curve is too flat.

The extent to which the banks in Luxembourg take their own decisions on risks varies widely with their degree of independence from their German mother company. There are those, like Deutsche Girozentrale, which reckons to consider their risk and their exposure in conjunction with that of their parent: there are others which are more or less completely independent—to the point, indeed, of running all their banking group's Eurocurrency business, right up to the arrangement of syndicated loans.

That, though, is relatively unusual. In most cases it is the mother company which has the resources—in terms of trained and skilled banking personnel, as much as anything else—to undertake such highly complex arrangements. Where loans are arranged out of Luxembourg, rather than Frankfurt or wherever, it might be for no other reason than that the local management is, on such a nominal arrangement, entitled to a rather higher slice of the fee.

No matter how close the relations between the mother companies in Germany and their daughters in Luxembourg, the latter are unanimous in their desire to build up sufficient reserves to maintain their independent viability in the event of a banking crisis It provides one of the few points of complaint against the Luxembourg authorities, that in the case of loans to States or State-backed institutions, the normally permitted 1.5 per cent. provision against bad debts is disallowed. Given that most of the German subsidiaries in Luxembourg are relatively recently established, this passion to build up hidden reserves is perhaps understandable—but hardly sensible. In the event of a crisis any subsidiary of a German bank would stand or fall by the credit of its mother company.

That any such possibility w arise, in Luxembourg anyw is dismissed by the Germ banking community, on grounds. In the first pla Luxembourg's monitor system is thorough; top on the bureaucracy, perha but thorough. In the seco the banks established in Luxe bourg have, on the who reputations to look after; the are no extraordinary conc sions, on tax or anything el to attract the fly-by-nights; taxes which the banks pay fact fund a large part of Luxembourg budget.

A major problem for the Ge man banks, as indeed for banks conducting foreign bu ness out of Luxembo nevertheless arises out of country's tax status. The of double taxation agreem —Luxembourg has only se at the moment, though the another with Brazil under ne tiation—means that there some loan business which to be turned down, or at rate shuffled off to the mo company. It is not a proble prohibitive dimensions from anything else, the big to States and State instituti are generally tax exempt in borrowing countries: but We LB International, for exam reckons that it may have the German banks in Luxe bourg some DM100m. in ness. It is certainly enough to have the Luxembou Government considering do something about it, though remains to be seen whether solution is to be a subsidy eliminate the handicap or probably a less practical alt native—the conclusion of double tax agreements.

In the meantime, while t German banks in Luxembou continue to develop into wh one Government Minist describes as areas mo sophisticated than Eurocredi —interbank business and th like—there is one area in whic it is reasonably certain that the will not intrude.

That is the Luxembou domestic market. Though least one of the domestic ba —Banque Internationale Luxembourg—is planning a drive to build up its forei business, the German sub diaries in the country reck the potential rewards carrying the fight the other w just do not justify the has that would ensue.

Adrienne Gleeso

BANKS BY GEOGRAPHICAL OWNERSHIP*

	Luxembourg	Belgium	France	W. Germany	Switzerland	U.S.	Scandinavia	Other countries	Multi-national joint ventures	Total
1970	9	4	5	3	2	6	0	5	3	37
1971	9	4	5	6	3	9	0	5	3	44
1972	9	4	5	11	4	11	0	5	4	53
1973	9	4	5	15	5	17	2	8	10	75
1974	9	4	5	16	6	17	3	12	11	83
1975	9	3	5	17	6	14	3	12	11	80
1976	9	3	5	16	6	13	8	14	10	84†
1977 (June)	9	3	6	21	6	13	9	15	11	93†

* In the case of branch companies: country residence of parent company.
† Of which four were inactive.
Source: Commissariat au Controle des Banques.

The Minister at the helm

ECONOMIC affairs in Luxembourg are under the direction of M. Jacques Poos, the former journalist and director of Tagebladt, who now heads both the Ministry of Finance and the Ministry of the Interior. Like all the members of the Socialist/Democratic Party coalition which has been in power since 1974, he takes a pragmatic view of the size and importance of the financial community.

Recession in the steel industry in general, and over-manning in the Belgian/Luxembourg part of it in particular, has created losses in this, Luxembourg's biggest industry, and as a result the country's financial services for the moment make the biggest contribution to its exchequer. But M. Poos sharply disputes any suggestion that the country is over-dependent on the financial sector.

M. Jacques Poos, Minister of Finance and Minister of the Interior.

Banking, he points out, has the same relative importance for the Luxembourg economy as it has for that of Switzerland, providing in normal circumstances some 10 per cent. of the country's tax revenues and some 4 per cent. of its employment. (The question of whether this is too much, hotly debated in Switzerland, does not seem to have arisen at all in Luxembourg.) New banks—provided they conform to the standard of respectability which the Luxembourg Government is trying hard to impose—are still very welcome: in fact they are still coming in at the rate of almost one a month.

Legislation to encourage expansion of its financial services—most notably the tax concessions which favour the creation of Luxembourg holding companies—is described by M. Poos as "the defence of a weak country." Nowadays, however, that defence is by no means as necessary as it once was, partly because of the influx of European institutions—particularly the European Investment Bank—and partly because the expansion of the banking community has acquired a momentum of its own. That expansion has, M. Poos says, given Luxembourg "an international financial place."

It has also reduced the relative importance of the holding companies on which the country's standing as a financial centre was originally based, so that the Government is not unduly worried that its new legislation will knock out the dormant among them in great numbers. The new legislation represents, according to M. Poos, a tightening of surveillance rather than a change of policy. Undoubtedly, though, it also reflects the Government's desire to demonstrate to the rest of the world that in respect of its financial services Luxembourg may be considered whiter than white.

Plans for the country's future economic development do not hinge on the further growth of its financial services, but rather on attempts to diversify the steel industry out of high-cost basic production and into the development of more specialised and sophisticated products which have a more competitive edge. M. Poos recognises that this is going to require enormous capital investment. He points out, though, that Luxembourg was the only country in Europe which stepped up its investment in the steel industry last year.

The Luxembourg Government is also, in conjunction with the trade unions and employers' organisations, planning for the introduction of fiscal and direct incentives for further investment in what M. Poos describes as "middle industry"—industrial companies such as Goodyear and Monsanto. At the moment these companies provide a third important leg for the Luxembourg economy (Radio Luxembourg provides a fourth), and M. Poos considers them an obvious area of diversification. He accepts that limited communications, at any rate in respect of air travel, may prove something of an obstacle, but points on the plus side to the remarkable social and political harmony with which Luxembourg is favoured.

A.G.

THE BANKS IN LUXEMBOURG

STATE SAVINGS BANK

...e d'Epargne de l'Etat—Banque de ...at, 1, place de Metz

INCORPORATED IN LUXEMBOURG

...gesens Bank International, 5, rue Aldringen
...sche Kommunale Landesbank International, 25, boulevard Royal
...k M. M. Warburg-Brinckmann, Wirtz International (Brinckwaltz), 3, boulevard Royal
...k of America, boulevard Royal
...k of America International, 35, boulevard Royal
...k of Boston, 41, boulevard Royal
...e de Crédit and Commerce International, 39, boulevard Royal
...Oppenheim Pierson International, Côte d'Eich
...que Commerciale, 22-24, boulevard Royal
...e Continentale du Luxembourg, boulevard Royal
...que Générale du Luxembourg, 27, avenue Monterey
...que Internationale à Luxembourg, 2, boulevard Royal
...e de Luxembourg, 80, place de la Gare
...que Nordeurope, 21, Grand'rue
...que de Paris et des Pays-Bas pour le Grand-Duché de Luxembourg, 10a, boulevard Royal
...que de Suez-Luxembourg, 10, rue Aldringen
...que de l'Union des Coopérateurs Luxembourgeois, 17, boulevard Royal
...que de l'Union Européenne (Luxembourg), 1, avenue de la Gare
...que Populaire Suisse (Luxembourg), rue des Bains
...sche Landesbank International, 25, boulevard Royal
...rische Vereinsbank International, 29, rue des Bains
...n Bank International, 38, Grand'rue
...iner Bank International, 50, route d'Esch
...Luxembourg, 14, rue des Bains
...Bank-DG International, 88, Grand'rue
...e Hypothécaire du Luxembourg, boulevard de la Pétrusse
...dian American Bank, 48, Grand'rue
...se Manhattan Bank Luxembourg, 47, boulevard Royal
...istiania Bank og Kreditkasse International, 88, Grand'rue
...bank (Luxembourg), 16, avenue Marie-Thérèse

Cofiplux-Compagnie Foncière et Hypothécaire du Luxembourg, 14, rue Aldringen
Commerzbank International, 22-24, boulevard Royal
Compagnie Financière de la Deutsche Bank, 25, boulevard Royal
Compagnie Internationale pour le Financement de l'Energie Nucléaire, 22, boulevard Royal
Compagnie Luxembourgeoise de la Dresdner Bank—Dresdner Bank International—26, rue du Marché-aux-Herbes
Crédit Européen, 52, route d'Esch
Crédit Suisse (Luxembourg), 23, avenue Monterey
Crégélux—Crédit Général du Luxembourg, 27, avenue Monterey
Den Danske Bank International, 18, avenue Marie-Thérèse
Den norske Creditbank (Luxembourg), 33, boulevard Prince-Henri
Deutsche Girozentrale International, 1, place d'Armes
Discount Bank, 52, avenue de la Liberté
East West United Bank, 22-24, boulevard Royal
Hause Bank, 25, boulevard Royal
Hessisch Banquiers Luxembourg, 29, avenue Monterey
Houston International Bank Luxembourg, 3, boulevard Royal
Hypobank International, 37, boulevard Prince-Henri
Ingélux—International and General Finance Trust à Luxembourg, 2, boulevard Royal
International Resources and Finance Bank, 31, Grand'rue
Kredietbank Luxembourgeoise, 43, boulevard Royal
Lavoro Bank International, 25, boulevard Royal
Luxembourg Italian Bank, 63, avenue de la Liberté
Norddeutsche Landesbank International, 29, avenue Monterey
PK Banken International, 47, boulevard Royal
Privatbanken International (Denmark), 88, Grand'rue
Skandinaviska Enskilda Banken (Luxembourg), 25, boulevard Royal
Société Intercontinentale de Banque, 22-24, boulevard Royal
Société Bancaire et Financière, 55, boulevard Royal
Société de Banque Suisse (Luxembourg), 43, boulevard Prince-Henri
Société Européenne de Banque, 16, rue des Bains

The Bank of Tokyo (Luxembourg), 22-24, boulevard Royal
The Industrial Bank of Japan (Luxembourg), 5, boulevard Royal
The Nikko (Luxembourg), 88, Grand'rue
Trade Development Bank (Luxembourg), 34, avenue de la Porte-Neuve
Trinkaus & Burkhardt (International), 14, rue des Dahlias
Union Bank of Finland International, 25, boulevard Royal
Union de Banques Arabes et Européennes, 22-24, boulevard Royal
Union de Banques Suisses (Luxembourg), 47, boulevard Royal
Vereins—und Westbank Internationale, 25, boulevard Royal
WestLB International, 47, boulevard Royal
World Banking Corporation, 22-24, boulevard Royal

3. CO-OPERATIVES AND AGRICULTURAL ASSOCIATIONS

Caisse Centrale des Associations Agricoles Luxembourgeoises, 28, boulevard Royal
Fortuna, Société coopérative de crédit et d'épargne, 130, boulevard de la Pétrusse

4. BRANCHES AND OFFICES OF FOREIGN BANKS

American Fletcher National Bank and Trust Company (Indiana/U.S.A.), 40, boulevard Joseph II, Luxembourg
Banco di Roma per la Svizzera (Lugano), 41, boulevard Royal
Banque Privée (Suisse), 20, boulevard Emmanuel-Servais
Beamtenheimstättenwerk (Hameln/RFA), 4, boulevard Royal
Crédit Industriel d'Alsace et de Lorraine S.A., Strasbourg (France), 103, Grand'rue
Crédit Lyonnais (France): agence de Luxembourg: 26a, boulevard Royal, Luxembourg
Discount Bank (Overseas) (Suisse), 52, avenue de la Liberté
First National Bank of Boston (Massachusetts/U.S.A.), 41, boulevard Royal
Israel Discount Bank (Israel), 52, avenue de la Liberté
Northwestern National Bank of Minneapolis (Minnesota/U.S.A.), 146, boulevard de la Pétrusse
Philadelphia National Bank (Pennsylvania/U.S.A.), 29, avenue Monterey
Société Générale Alsacienne de Banque (France), 15, avenue Emile-Reuter, Luxembourg
Wells Fargo Bank (California/U.S.A.), 22, rue Zithe, Luxembourg

Source: Commissariat au Contrôle des Banques

Scandinavians forge ahead

...valuation of the Swedish ...na will have caused muted ...picings among the Scandina... ...n banks in Luxembourg. For ...ir attempts to perform the ...ction for which most of them ...e established—to finance the ...ign trade of compatriot ...panies—have recently been ...bited by the profound reluc... ...e of their customers to bor... ... until such currency up... ...vals were out of the way. ... consequence relative new... ...ers such as PKbanken (Post- Kreditbanken of Sweden's ...lly owned Luxembourg sub... ...ary) have not yet been able ...take full advantage of the ...h debt to capital ratio ...to-1) permitted under ...embourg banking regula... ...s, which was one of the attractions of setting up there in the first place.

Not that it was the major attraction. With the exception of the Norwegian banks, which were established in the late 1960s, the Scandinavians came relatively late to the Luxembourg banking scene, but they came (and are still coming) in some force. The reasons have been two-fold: in the first place restrictions at home; in the second a desire to get in on what was by the mid-1970s a very big Eurocurrency market.

The restrictions at home have related to the attempts by Scandinavian countries to regulate their economies through controls on their banks. Thus, the Swedes have been encouraged to borrow their foreign exchange requirements for investment or trading purposes abroad, the object of the exercise being to counterbalance a foreign trade deficit and prop up currency reserves. In the case of Finnish banks the reasons have been more blurred: it has been a matter of supplementing scant local supplies of medium to longer-term funds for investment by tapping the Euromarkets.

Attractions

In both cases the attractions of setting up in Luxembourg lay in relative costs (particularly, vis-à-vis London, in the cost of office accommodation), the favourable ratios (which make break-even point much easier of access), and, above all, the flourishing market in Eurofunds already in existence in the wake of German expansion. Yet, curiously enough, it is in Eurodollar finance that the Scandinavians reckon to do most of their business—curiously because (certainly relative to the market in D-Mark credits), Eurodollars have been of declining importance in Luxembourg. The American banks there have, indeed, recently been cutting back their operations.

The Scandinavian banks, however, reckon that the Luxembourg market in Eurodollars is still quite ample enough to justify their recent influx. Their business (and on outside estimates they account for some 15 per cent. of the Eurofinancing arranged through Luxembourg, though individual Scandinavian bankers put the total lower, at between 5 and 10 per cent.), is concerned to a much greater extent than, say, that of the German banks, with the finance of trade.

Thus, Union Bank of Finland, for example, reckons to have over two-thirds of its funds tied up in short- and medium-term loans to Finnish companies. But this may be no more than a reflection of a relatively recent incursion into foreign banking. Certainly PKbanken, while recognising that Swedish companies will continue to take the biggest slice of its funds, is aiming at developing into an all-round Eurobank.

A.G.

BANK ASSETS AND EMPLOYEES

	Number of Banks	Combined Balance Sheet (Frs.bn.)	Employees	% of Working Population
1947	13	6	730	0.5
1950	15	8	770	0.6
1955	15	15	1,000	0.8
1960	15	23	1,280	1.0
1965	20	47	2,070	1.5
1966	23	57	2,220	1.7
1967	26	66	2,390	1.8
1968	26	90	2,620	2.0
1969	32	136	3,190	2.4
1970	37	236	3,760	2.8
1971	44	343	4,270	3.1
1972	53	517	4,780	3.3
1973	75	832	5,240	3.6
1974	83	1,067	5,670	3.8
1975	80	1,478	5,810	3.9
1976	84	1,703	6,039	4.1
1977 (June)	92	1,813	n.a.	n.a.

Source: Commissariat au Contrôle des Banques

Service centre for the Eurobond market

LUXEMBOURG'S position in the Eurobond market is based on two main planks:

1.—Its role as a service or administrative centre for the Eurobond market: the stock exchange on which most Eurobond issues are quoted is Luxembourg; one of the two clearing houses (Cedel, see below) is in Luxembourg; and Luxembourg is likely to house the market's computerised trading system Eurex (see below) if and when this gets off the ground.

2.—Its role as a back-door into Belgian investment money. Because Belgian domestic interest rates have been high by international standards in the last 18 months, not much money has been flowing from Belgium into the Eurobond market. However, historically, Belgium has been a major source of funds for borrowers on the Eurobond market and much of this has flowed via Luxembourg (the "Belgian postman" has become the proverbial phrase to describe the traditional Eurobond investor).

Further detail on Cedel and Eurex is set out below. Almost more important than either of these is the Luxembourg bourse (which has indeed been the moving force behind Eurex itself). The Luxembourg bourse is the closest that the Eurobond market has to a single geographical home; conversely the Luxembourg bourse, with a tiny home economy to finance, is probably more occupied with international issue business, in this case mainly Eurobond market business, than any other stock exchange in the world.

This is not to say that much actual bond trading goes on in Luxembourg. Indeed, although Luxembourg houses its share of Eurobond traders, its importance in the day-to-day activity in the secondary market is negligible.

Very little trading actually occurs on the bourse itself—the use of the bourse for listing purposes is mainly to comply with legal requirements for institutional investors in many countries. Insofar as Luxembourg is at all significant in trading Eurobonds this is entirely due to the trading departments of the banks there operating, like all Eurobond traders, on an over-the-counter (or more precisely, over the telephone) basis. And, although many of the banks in Luxembourg involve themselves in Eurobond trading in this way they are not, with the possible exception of Kredietbank Luxembourgeoise, a major force in the market.

Currency

On the other hand, if one excludes D-mark denominated Eurobond issues (which get listed on German stock exchanges), close on 100 per cent. of all Eurobond issues are listed on the Luxembourg stock exchange. The issues listed range across almost every currency in which Eurobonds have ever been made. The table below showing last year's experience gives some idea of the range encompassed by this market and the volume of new stocks listed:

Currency	Amount (m.)	% of total
U.S. $	5,793	78.0
UC	99	100.0
DM	—	—
FF	49	100.0
Can. $	1,275	89.2
Aus. $	19	100.0
UAE Dhms.	25	100.0
K. Dinars	224	100.0
Total	7,664	66.9

Among the reasons for the popularity of the Luxembourg exchange for Eurobond listings are the speed with which it processes applications—the banking control commissioner (the supervising authority) requires two weeks in which to examine the prospectus—and the general flexibility of the Stock Exchange. The Luxembourg authorities will often accept accounting practices of the home country of the borrower thus making it unnecessary for the borrower to go in for complicated, expensive and, perhaps, in some cases embarassingly revealing special audits.

The flexibility of the stock exchange has been most recently illustrated by a Eurobond issue currently on offer in the market. For the first time in the history of the Eurobond market an issue is being made in such a way that only part of the overall amount is being raised at the time of the original announcement leaving the way open for a subsequent tranche later. The borrower is the Austrian export credit bank (the Kontrollbank) and the issue is guaranteed by the Austrian state so that there is less possibility of a change of quality than would be the case with some borrowers.

However, it would not perhaps have, been accepted by all stock exchanges that the whole amount of the issue, whether the second tranche is sold within two weeks or not for nine months, may count as one issue, sharing a prospectus and so on (with the proviso that there must not be any material change for the worse in the condition of the borrower between now and the issue of the second tranche).

Capitalising on its position as a listing centre, the bourse has built up some other services. These include, for example, the most comprehensive list of price and yield indices in the Eurobond market.

If the plans for Eurex come off it will be the Luxembourg Bourse that the market will have to thank for much of the groundwork and perseverence, sometimes in the face of outright opposition and frequently of apathy.

Luxembourg's significance in the Eurobond new issue business derives almost entirely from the importance of Belgian investors in the market. As far as management of new issues is concerned, the only institution of any significance is Kredietbank Luxembourgeoise, the Luxembourg-based affiliate of the Belgian bank of the same name. This institution on occasion tops the league tables for issue management in the Eurobond market, though this has not been the case for a couple of years now.

The area of the market which Kredietbank Luxembourgeoise has made peculiarly its own is issues in so-called "units of account," a fictional basket of currencies in which issues have been denominated in order to minimise the impact on investors and borrowers alike of changes in individual currencies (payments of interest, etc., are made in real currencies, the amount paid depending on what the basket is worth). The formula has had its problems and has not been much used for some time now but as far as such currency cocktails go it has been by far the most successful.

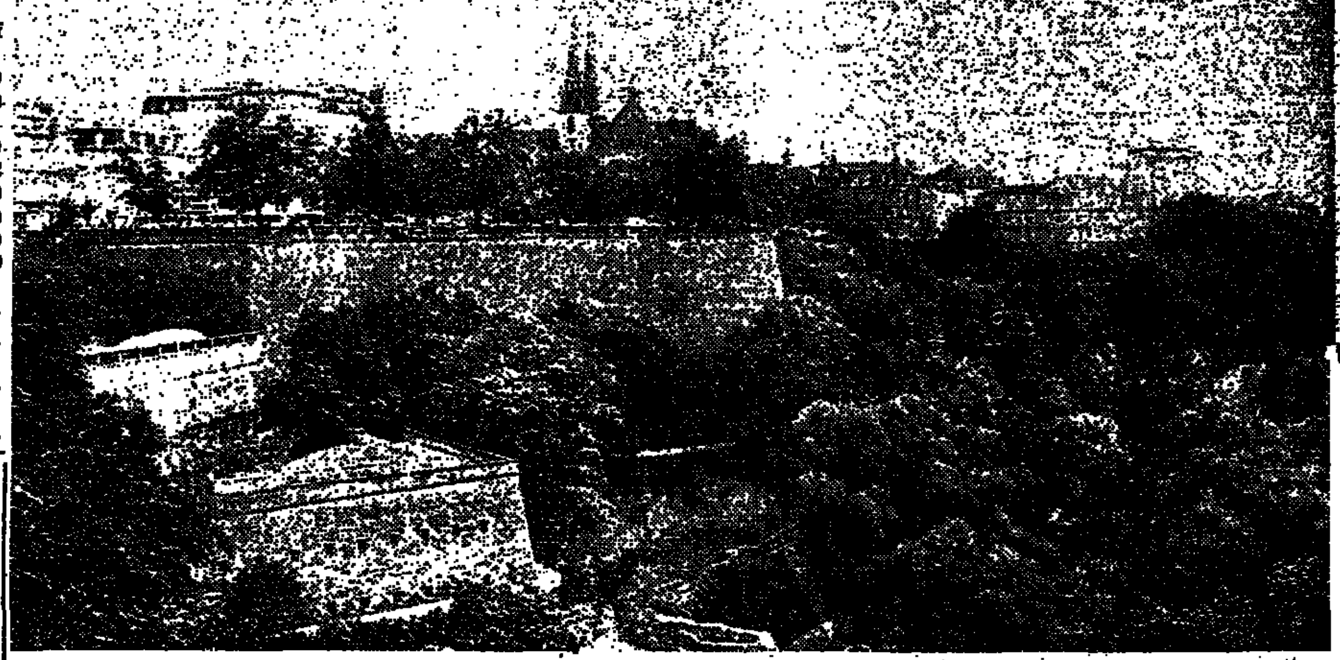
Varied

In general, the importance of Luxembourg in the primary sector of the Eurobond market has varied enormously from year to year. And the main factor behind the change is what Belgians can earn on Belgian franc investments.

Last year Belgian interest rates were held at high levels by the Belgian authorities mainly in order to pro[...] currency (though, [...] Britain, longer term ra[...] to be forced up by [...] government borrowing [...] ments).

Last year the rate [...] month Belgian francs [...] high as 12 per cent. w[...] lar rates ranged arou[...] that level. Belgians ke[...] money at home and [...] bourg banks were [...] management groups for [...] per cent. of Eurobond [...] down from 40 per cent [...] two previous years.

Now the situation [...] changed—the six-mont[...] for Belgian francs is [...] 7 per cent. or so and [...] some signs that Belgians [...] ginning to come back [...] Eurobond market. So [...] movement into [...] seems to have been [...] trated on D-marks [...] appear to be holding [...] far as dollar-denominat[...] paper is concerned. [...] with dollar interest [...] apparently stabilised [...] currency realignment [...] out of the way, they will [...] tempted back into dol[...] mains to be seen.



The Corniche and the Cathedral from the Pont Adolphe.

Cedel broadens its services

APART FROM the Luexmbourg Bourse itself, the most important contributor to Luxembourg's importance in the Eurobond market's institutional infrastructure is Cedel—Centrale de Livraison de Valeurs Mobilières, to give it the full name it now never uses. This clearing system for bonds traded in the secondary market is now used by over 800 Eurobond trading institutions.

Cedel was established in January 1971 by 71 international financial institutions. It was the second clearing house in the Eurobond market. The first, Euroclear, had been set up and was at that stage still owned by the American bank Morgan Guaranty. It was partially because of the feeling that a clearing house should be "neutral"—not attached to any single financial institution—that Cedel was set up, on a non-profit making basis.

However, the Cedel system also incorporated different views on how Eurobonds should be cleared and the intervening years since 1971 have seen great rivalry between the two clearing houses.

In some respects this could be classified as productive competition—each had to take up the most popular aspects of its rival's mode of operation. Cedel's current plans for improving its service are no exception to this.

Perhaps Cedel's biggest disadvantage by comparison with Euroclear is the fact that it is not organised to offer traders overdraft facilities. This, if nothing else, has ensured that the bulk of the professional (that is, inter-broker) business goes via Euroclear since professionals finance their holdings of bonds on borrowed money.

This is the major area that Cedel is concentrating on improving at present. It has already decided in principle to offer overdrafts and it hopes to introduce facilities secured on bonds held in the Cedel system, within the next couple of months. The way it would work is that a participant could have overdraft facilities of up to a specified proportion — perhaps 90 per cent.—of the bonds it holds in the Cedel system. Conversely, Cedel would block in the system sufficient bonds to act as collateral for the overdraft.

Participants would be free to arrange these facilities with any bank they chose. However, Cedel hopes to have several banks lined up to provide them. So far only one bank has agreed in principle and if necessary Cedel will go ahead with this one bank alone.

Another area where Euroclear is ahead of Cedel is in bond-lending, a system whereby holders of bonds can earn a little extra interest by lending them to dealers who find themselves short. Such a situation is not infrequent in this market and is particularly likely to happen when delivery of bonds is delayed for one reason or another.

Cedel is hoping for a Board decision to allow it to introduce a bond-lending service by the end of this year (it has one bank lined up to provide the necessary banking facilities, the same bank has agreed to provide overdraft facilities).

Among other moves C[...] particularly conscious of [...] to increase its membersh[...] the U.S. A Board meet[...] to be held in October in [...] York and this is expect[...] provide the opportunity [...] marketing effort there.

However, it has no pl[...] start clearing U.S. equit[...] even depositary receipts, t[...] it does have a study unde[...] on clearing certificates [...] posit, and hopes to have re[...] some conclusions on this [...] end of the year.

Stricter vetting for banks

.ATION OF banks in ...ourg has in the past de- heavily on an unwritten conduct. To the extent ...ch new bank must be ...ed by two "god parent" of at least five years' ... in the Duchy; these ...rents are supposed not vouch for the commer- ...utation of the new bank, ... to inform it of the ... the Luxembourg game. ...s the number of banks stakes in Luxembourg's ...ional operations have ...ven the entry require- ...ave become a little less ...etting by the Commis- ...ancaire. Luxembourg's authority which along ... Finance Ministry issues licences for banks, has more thoroughly, and 73 Luxembourg has im- pretty severe minimum ...al requirements. Mini- ...bscribed capital must ...150m. of which at least ...n. must be paid up.

...usive

...established, a bank ...nder the exclusive pur- the Commission Ban- ...nce 1945, the Commis- presided not unlike a ...ent schoolmaster over ...embourg banking scene, ...e 1965 has been respon- ...so for securities' sales ...rospectus. M. Pierre the Banking Commis- ...ince January last, says, ...e Commission has no ... to be or to look like ...l bank"—even though ... himself clearly knows ...entral banking is all having spent some 10 ...th the Bundesbank. The ...sion does not for in- ...ssue the Duchy's bank ...ore important, it is not ...ay a lender of last re- the commercial banks. ... it require that banks ...inimum deposits with

...argely due to this last ... the margin between and creditor rates ...by the Luxembourg ...nds to be lower than ...e—precisely because ...o not have to freeze their deposits by lodg- ... with a central bank. ...e Commission does use ...er numerical formulae the banks in order. ...t is the "liquidity ...hat banks must hold ... assets, up to one maturity, 30 per cent. total liabilities. In fact, Mr. Jaans says, on average Luxembourg banks keep some 50-60 per cent. in liquid assets. The second is the "solvency ratio"—that banks must have in equity and risk capital at least 3 per cent. of total liabilities.

For the purposes of calculating their own funds, banks are allowed to include in it subordinated loans, that is, loans which are only met after all other claims on a bank have been settled. M. Jaans comments that though this latter formula may appear over-simplified compared with those operated elsewhere, he has calculated that the end result is the same as with the much more complex formula that the Bundesbank sets.

Though it may set these guidelines, the Commission has no financial links with the banks, in the way that central banks have and use to manipulate credit and monetary policy. But an anti-inflationary monetary policy would for instance mean very little in so small a country and with so open an economy (exports and imports account for 80-85 per cent. of GNP). All that the Luxembourg authorities can hope to influence successfully are those few areas where inflation is homespun, principally real estate and some consumer goods. It would, says Mr. Jaans, be "vain and over-ambitious" to try to operate on investment credit.

Thus monetary policy—such as it is—is left to the State-controlled Caisse d'Epargne de l'Etat (CEE), which with over 40 per cent. of the domestic credit market sets "benchmark" interests and the four other main domestic banks follow suit. In the early 1970s, when the Luxembourg authorities wanted to crack down on inflation, the main instrument was the CEE which put ceilings on housing credit.

Then there is the "non-numerical approach" of the Commission to supervision, which consists of basically reporting requirements and inspection. Every month banks must produce their full balance sheets, plus their foreign exchange position. Every quarter they must give the Commission their profit and loss account, and in addition enough information to enable the Commission to draw up what it regards as its valuable analysis of the geographical breakdown of Luxembourg's lending and borrowing operations.

Inspection

Once a year the Commission carries out a field inspection of the bank's books, although the influx of foreign banks has brought many which also use independent auditors. This the Commission welcomes as forming a double check, and Mr. Jaans points out that with it Luxembourg gets the best of both worlds — between the Belgian system which relies on its own very special system of "reviseurs," which act as a sort of "institutional spies" inside the Belgian banks, and the German and Swiss systems which rely totally on independent auditing.

Only three years ago, in the wake of the Herstatt affair, it looked as though Luxembourg might be moving towards a central banking system. The previous Commissaire Bancaire, Mr. Albert Dondelinger, then talked of starting up a "solidarity" or life boat fund for banks with liquidity problems, with the big Luxembourg banks contributing on a quota basis. But nothing came of the idea, partly because in the event the Duchy passed smoothly through the post-Herstatt ructions, partly because Commission Bancaire officials after all decided that their "preventive" supervision was largely adequate, and partly because of the backing that Luxembourg subsidiary banks can count on from their parent banks abroad.

Mr. Jaans says there is a growing cross-current of information between Luxembourg "which is keen to ensure that parent banks are healthy" and other countries "which want to know that their daughter banks in Luxembourg are behaving themselves." The Banking commissioner does not, however, rule out that "in the future loose consortia of banks might be put together" should the need for rescue operations arise. He does rule out insurance of deposits, as practised in the U.S. because it would be too expensive to do for the Euromarkets, and because the domestic Luxembourg banks do not feel the need for such a step.

Mr. Jaans sees no problem for Luxembourg in accepting the banking directive that the EEC Commission has proposed and which member states have been discussing for the past three and a half years. Basically, this would allow a bank set up in one EEC State to establish branches automatically in others. On the matter of harmonising supervision techniques, the directive is vague, leaving it to a new contact committee between EEC banking authorities.

D.B.

Eurex under way

AFTER VICISSITUDES which have lasted several years, Eurex, the computerised system for trading Eurobonds which the Luxembourg Bourse has been in the forefront of pioneering, is to be incorporated later this month with an authorised capital of B.Frs. 100m. (about $3m.). Several hundred international banks and brokerage houses are to be invited to subscribe to shares in the system. It is intended to be operational by early 1979.

The basic rationale for the project lies in the fact that Eurobond trading is already done on the telephone and telex. The idea is that anyone wanting to buy or sell particular bonds, instead of having to telephone at least half a dozen different dealers to get a quotation (or to get the best price) would make one call only. This would be to the Eurex computer, which would automatically link him up with those prepared to sell or buy the stock.

Syndicate

The first formal move towards the establishment of Eurex was in September, 1973 (September 21 to be precise, four years to the day from the intended date for incorporation of the Eurex company this month), when a group of 69 banks from 14 different countries formed a study syndicate to work out how to implement a computer-assisted trading system for Eurobonds. Technical consultants were employed and a great deal of analysis was done. The formal presentation was made in June 1974.

Unfortunately by then market conditions had deteriorated considerably. As it was put at the time of the June, 1974 meeting of the study syndicate: "one might legitimately ask why to-day's meeting has been called since, there being no market, there seems to be no need for a new market instrument."

In practice, although plans for the Eurex project reached an advanced stage, they foundered until earlier this year. There seem to have been two main reasons for this. One was the general non-activity (and therefore non-profits) in the market mentioned above — no one had the money spare for new investment. The other was the cost of the project.

The problem of low market activity has been more than solved in the last couple of years, with levels of trading reaching ever greater heights. The problem of the cost of the project has been considerably alleviated by the proposal from IBM earlier this year. As described by Eurex in a presentation to international bond dealers this is for "co-operation in set up and operating of the project whereby they (IBM) would provide the hardware, software and part of the technical staff required." The IBM proposal was described as "very appealing," since it involved less initial investment from Eurex than had been envisaged in the earlier feasibility study where the whole initial investment was to be financed directly by Eurex.

This new development made it possible for Eurex to redo its sums in such a way that it believes the project is now workable "both from the technical and the financial side."

In addition to matching buyers and sellers in particular transactions, Eurex will provide participants with various back up services including the transmission of clearing instructions to whichever of the two clearing houses is involved, a summary of all confirmation notes issued during the day and a listing of transactions cleared.

Unlike some other computerised trading systems, Eurex is intended to help dealings between professionals, not to by-pass them. Indeed, it seems that institutional investors are unlikely to be invited to become shareholders in Eurex (unless they are also banks or brokers) and that great care is being taken to ensure that the market makers—those who currently carry the risk in the Eurobond market by being prepared to buy stock or by holding sufficient quantities to meet investors' demands—will not be by-passed. A second major point is that, rather than being aimed specifically at handling large block trades, it will include provisions to match the so-called "odd-lots," a time-consuming aspect of the trading business.

M.C.

SOURCES AND USES OF FUNDS
(% OF TOTAL)

	Luxembourg banks		Other West European banks*	
	Deposits	Lending	Deposits	Lending
Western Europe ...	79.7	69.2	53.3	50.8
Eastern Europe ...	1.3	7.6	1.5	6.7
North America ...	3.7	3.9	8.7	7.5
Latin America ...	3.9	5.6	3.9	5.8
Caribbean	2.4	3.4	6.5	9.5
Middle East	3.5	2.5	15.0	3.3
Other	5.5	7.8	11.1	16.4

* Banks in countries which report statistics to the Bank for *International Settlements*.

Changing tax position

THE ESTABLISHMENT of holding companies—defined as companies with no commercial or industrial interests whose function is to hold equity stakes in other companies (though there are certain subsidiary operations in which they may indulge as well)—was to a large degree an initial cause of Luxembourg's development as a financial centre. Nowadays, however, the country's standing in the world of finance is quite independent of its attempts through favourable tax treatment to encourage the formation of holding companies. The pace of their formation has slowed recently, and is likely to slow still further in consequence of new laws which came into force at the beginning of last month.

The new legislation stems directly from the embarrassment into which the de Broglie affair plunged the Luxembourg Government. The Prince de Broglie, the French politician who was murdered in Paris at the beginning of this year, turned out on investigation of his affairs to have been president of a Luxembourg holding company set up in the late 1960s, whose activities by the beginning of this year certainly had nothing to do with the objectives for which it was incorporated.

The Luxembourg Government, while protesting vigorously that his murder had nothing to do with the holding company, recognised that the de Broglie affair gave point to a necessity recognised since 1974, to weed out the dormant holding companies among the 6,000 or so now registered in Luxembourg.

They have in consequence had it enacted that each company must have a paid-up capital of Frs.1m. (just over £16,000), in place of the previous nominal Frs.350; that the books shall be available for inspection by the Banking Commission (the regulating authority); and that the company must conform to existing legislation on such matters as the publication of balance-sheets and the payment of (nominal) taxes. If any company fails to comply (from the beginning of 1979) it will be served with notice, given a month to appeal, and may then find its status as a holding company nullified, and its tax privileges withdrawn. Those tax privileges are worth having.

They are in fact among the biggest of the advantages available to a foreign company setting up in Luxembourg, and the foundation of its reputation as a tax haven—a reputation which both the Luxembourg Government and the foreign banks which now account for by far the greatest part of the country's financial services are anxious to dispel. Luxembourg holding companies pay no capital gains tax, and no witholding tax on dividends. All that they contribute directly to the Luxembourg exchequer is an initial 1 per cent. of their capital and an annual 0.16 per cent. of their capitalisation.

So while a Luxembourg holding company drawing dividend income from stakes in foreign companies will receive them net of that foreign country's tax, there will be no Luxembourg tax to pay on its own distributions. Shareholders resident for tax purposes outside Luxembourg are of course likely to find themselves with a liability to their own tax authorities on receipt of such payments—which helps to explain why most Luxembourg holding companies in fact make only nominal distributions. Most of their income is retained for capital formation. Tax—or the absence of it—is certainly the principal argument for such a policy in the case of the Luxembourg-based investment funds. In the case of the holding companies set up and owned by individuals—and they are estimated to be in the majority—there may, however, be other reasons.

For while under Luxembourg law there must be a minimum of seven shareholders at the establishment of a holding company, it is bearer shares which the company issues: This means that seven nominees—lawyers, say, or accountants—can transfer their interest to another party directly after formation of the company, and no one will be any the wiser as to the new owner's identity. The Luxembourg holding company is in consequence a favoured investment vehicle for wealthy individuals in countries of doubtful political or economic stability—South Africa, for example, some of the Eastern European States (so it is said) and, until recently, Italy.

Italian investors are, however, now pulling out of their investment in Luxembourg holding companies, and for two reasons. In the first place portfolio performance in recent years has been disappointing, because stockmarkets throughout the world have reflected the very slow pace of economic recovery. And there is little point in maintaining a holding company for the sake of its tax advantages if there are no profits to be taxed.

Much more important, however, has been the impact of new policies in Italy, where the announcement of an amnesty for those who had placed funds abroad in contravention of Italian exchange control regulations has been followed by much tougher treatment of those who continued in this path of iniquity. Italian-owned holding companies have in consequence figured recently among the ranks of those seeking to close down their operations in Luxembourg. But their representation is likely to be well and truly swamped by the flood of dormant companies which will be flushed out once the new legislation takes effect.

It does not necessarily follow that the companies being put into compulsory liquidation in consequence of the tougher application of Luxembourg's legal requirements will be unwilling to go. Closing down a company in Luxembourg—particularly a holding company, where the consent of every shareholder is required—can be a long and expensive business, with voluntary liquidation likely to take the best part of two years. For those who have no reputation to protect—and that applies to many of the dormant holding companies—a compulsory winding up can be a quicker and an easier way out.

The extent to which those companies now being weeded out will be replaced is a matter for dispute. The Luxembourg Government certainly reckons that this is a sector where the best of the growth is over, and appears to contemplate its relative decline phlegmatically. The other interested parties are those involved in new company formation: lawyers, accountants and particularly the banks—from the Banque Internationale à Luxembourg, with its estimated 20 per cent. share of holding company domiciliations, to the new Arab-backed International Resources and Finance Bank, now taking its first steps in this business. Companies formed under the aegis of the banks are not, in fact, likely to be affected by the new legislation, since most of them are sizeable enough to cope with the new capital requirements easily: it is formation of the smaller companies which will come to a sudden halt.

But if the departure of those who formed them for the shores of other, cheaper and easier going tax havens is a source of woe to those who believe in the old-style entrepreneur, it is not likely to faze the Luxembourg Government. Though the lack of direct tax revenue is a somewhat deceptive indication of the holding companies' importance to the Luxembourg economy—they are, after all, a source of employment, and therefore give rise to personal taxation—it is not sufficient to warrant treatment liberal enough to threaten the good name which Luxembourg covets in the financial world. In any case, the future for the holding companies is now threatened, albeit only incipiently, by two other developments: the country's attempts to reach double taxation agreements, and the EEC's declared aim of harmonising its member country's tax systems.

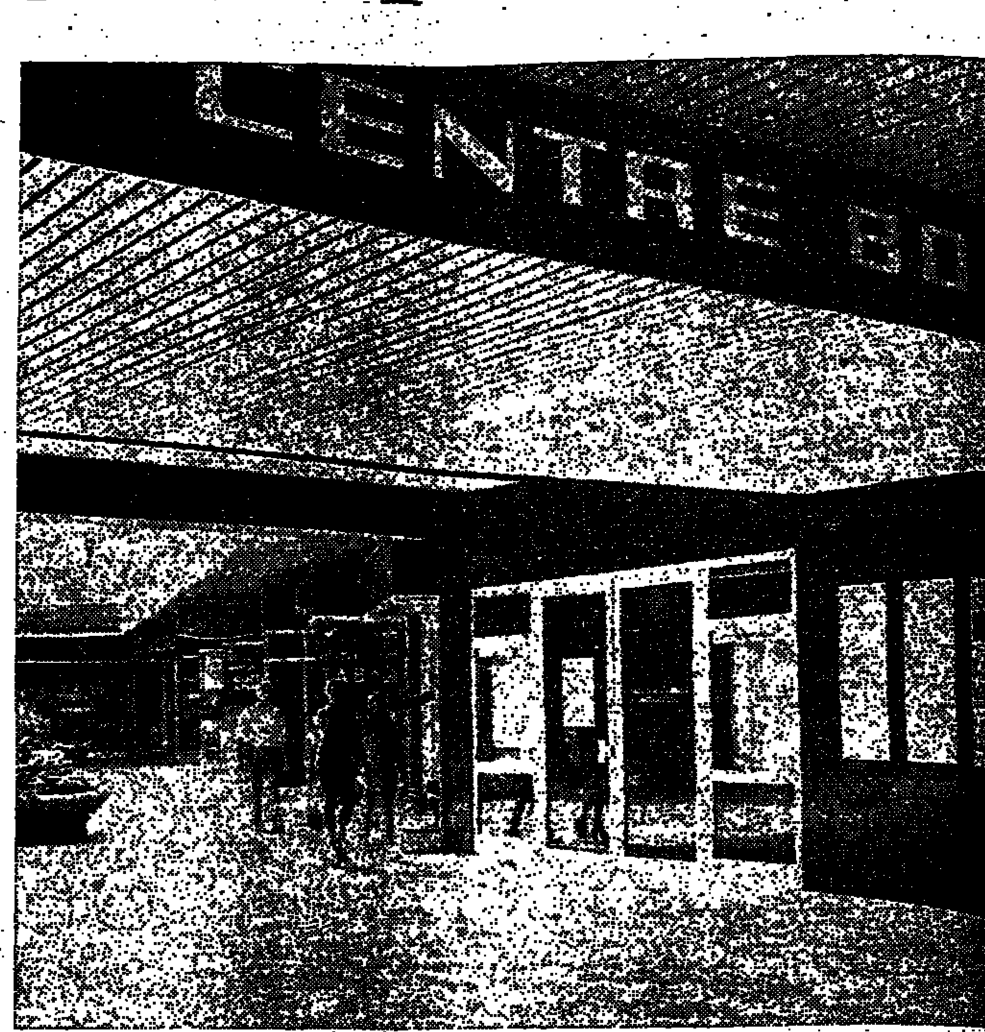
In the case of Luxembourg's move to secure double taxation agreements with other countries, the problem for the holding companies is simple: to the extent that tax elsewhere can be offset against tax payable in Luxembourg, the advantages of not paying tax in Luxembourg disappear. As it happens, the seven double taxation agreements already concluded by the Luxembourg Government all specifically exclude the holding companies from their provisions: but future agreements are unlikely to contain such wholesale idiosyncrasies.

Harmonisation of tax systems within the EEC obviously provides a more comprehensive threat: but it is very much a long-term threat, with most observers reckoning that nothing much will happen before the turn of the century. Granted that there is an element of wishful thinking in that assumption, disarray within the economies of the EEC suggests that it is not unreasonable. So that leaves those holding companies which can and do conform to Luxembourg's new legislation with another 20 years, at least, to enjoy the fruits thereof.

A.G.

INVESTMENT TRUSTS

End-year	Number	Total assets / Frs.bn.
1967	24	23
1968	40	57
1969	91	97
1970	102	83
1971	94	82
1972	95	112
1973	94	102
1974	95	80
1975	97	99
1976	92	89
1977 (June)	85	87



The shopping precinct within the Luxembourg Bourse building.

The air fare war

By MICHAEL DONNE, Aerospace Correspondent

...H LESS than three weeks ...o before the low-fare, no-... Skytrain starts flying ...een London and New York September 26, the battle ... over this controversial ... are still being drawn, with Laker Airways, the pro...tor of the concept, and its ...petitors, manoeuvring for best vantage points from ...n to fight.

...rlier this week, Laker Air... asked the U.K. Civil Avia... Authority in London for ...ntial changes in the Sky... notably a transfer of the starting point from the ...aratively remote Stansted ...ssex to the much more ...lar and convenient Gatwick ...ort, south of London. At ...same time, Laker sought ...moval of some of the other onerous restrictions on ...ain, including an end to all ...ols on the number of ...s that can be made, and the number of seats that ...be offered, throughout the ...

...ese changes have been ...sted by Laker Airways ...direct response to the ...t efforts of the big ...duled airlines on the North ...tic to meet the threat of ...ain with new cheap fares ...eir own. But while Mr. ... awaits the CAA's ruling ...s proposals, the other air... still have not been given ... and U.K. Government ...vals for their own plans, ...ave even seen them come ... heavy fire from the U.S. ...e Department as being ...datory" and calculated to ...y competition in the ...et-place by driving charter ...tors into the ground.

...ntroversy is no new ...menon to the ebullient ...reddie Laker, chairman of ... Airways and the inventor of Skytrain. This plan for cheap, no-reservations flights for "the man in the street" across the North Atlantic represents the culmination of Mr. Laker's long battle against almost overwhelming odds.

For nearly seven years, since Mr. Laker first announced his Skytrain, the scheduled airlines in the International Air Transport Association have regarded him as a bogeyman, whose troublesome scheme would never come to pass if they could help it. Now, they have been forced to accept his presence on the North Atlantic route, with Laker Airways a properly-designated scheduled U.K. flag-carrier, competing with British Airways, Pan American and Trans World Airlines, and several independent operators, such as British Caledonian.

Response

A few weeks ago, when it became apparent, after the signing of the new Anglo-U.S. Bermuda air services agreement, that Skytrain was here to stay (at least for the time being), those airlines moved to meet the threat. Through the IATA, they established a broad response in terms of cheap fares of their own, as outlined in the accompanying chart. Although their proposed fares are marginally higher than those of Skytrain, they claim other advantages that Skytrain cannot match—and flights to and from Heathrow is one.

The scheduled airlines' plan fall into two parts. First, they want to cut the normal Advanced Purchase Excursion (Apex) rate, available for those prepared to book and pay well in advance, thereby securing a guaranteed seat. Secondly, they want to introduce a new concept in scheduled-service cut-price fares, buyable in two ways—either by booking at least 21 days ahead with a guarantee from the airline that it will give you ten days' notice of your flight, called Budget Plan; or by booking at the airport immediately before the flight, called Stand-By—with variations according to whether the ticket is bought in the U.S. or U.K.

While primarily designed to suit BA, Pan Am and TWA, these plans can also be offered by the other scheduled airlines with London-New York rights (El Al of Israel, Iran Air and Air-India). Between them, the six can offer 2,900 seats each way weekly, of which BA, Pan Am and TWA will each be able to offer 700 each way, the others sharing the remaining 800.

Since BA alone offers a total of about 7,000 seats each way weekly between London and New York, on all its scheduled services combined, the new cheap fares plan will only account for about 10 per cent. of its capacity.

Mr. Laker's view is that the other airlines are over-reacting to his concept, which he claims is aimed at generating an entirely new market by offering a service that will reach people who have never flown before, but who are ready to do so if the price is right. The bigger scheduled airlines, which have for long offered their own types of cheap fare (such as Advanced Purchase Excursion and Advanced Booking Charter rates) nevertheless feel he will take some of their traffic away, and so they are moving to try to compete by filling otherwise empty seats on normal scheduled flights, with fares much closer to Laker's.

What both sides in the cheap-fares fight are aiming at is a section of the market no one really knows very much about — the less well-off people who do not mind when or how they go, provided it is cheap enough. Even the charter airlines, with their very low rates for those prepared to commit themselves in advance, have not fully explored this section of the market. It seems likely to comprise mostly young people, often jocularly referred to in the trade as "the knapsack and guitar brigade," mainly from colleges on both sides of the Atlantic, who are willing and more able to travel when they feel like it, who do not want to be committed to the various kinds of advanced-purchase schemes already available, and who cannot afford the rates charged for even the economy-class seats on the regular scheduled airlines.

Whether such a market really exists, no one knows for sure, and so far, until Skytrain, no one was really willing to risk everything to find out. Laker has changed all that.

Sledgehammer

By the very scope of their reaction, the bigger scheduled airlines have proved to the world their uncertainty about the situation—and their fear that, after all, Laker might be right. Mr. Laker himself argues that the market is big enough for everybody, anyway, and that anyone who can make it even bigger ought to be encouraged, not restricted. He points out that in 1976, nearly 14m. passengers flew the North Atlantic between all North American and European gateways. Of these, 9.8m., or 71.1 per cent., flew by normal IATA scheduled airlines, with another 1.66m. or 12 per cent. using the charter flights provided by the IATA members themselves. The rest, about 2.33m., or 16.9 per cent., travelled with the so-called "independents" or charter airlines which are not IATA members, and the bulk of those, or about 2m., or 14.5 per cent. of the total market, went on the independents' charter flights.

Mr. Laker argues, therefore, that even if he is still restricted to his present conditions, permitting only one flight daily each way, carrying 345 passengers daily each way in summer and 189 in winter, at most he will be able to carry some 200,000 passengers a year, even if every Skytrain flight is full. This represents well under 2 per cent. of the North Atlantic market. He believes that he is entitled in turn to react to the other airlines' moves to compete with him. In his view, they are using a sledgehammer to try to crack a nut, and that for that reason alone he is entitled to defend his Skytrain with every means at his disposal.

He has some justification for his view under the new Anglo-U.S. Bermuda agreement. That pact suggests that Laker Airways, as a properly-designated flag carrier, is entitled to "fair and equal opportunity" to compete (Paragraph One of Article Eleven, on fair competition). Moreover, in Article 12, on tariffs, the new pact makes it clear that "to further the reasonable interests of users of air transport services, and to encourage the further development of civil aviation, individual airlines should be encouraged to initiate innovative, cost-based tariffs." Mr. Laker believes that Skytrain fills that requirement and he wants the chance to prove it. He feels that he is entitled to a bigger opportunity to compete, now that he has certainly three, and perhaps also six, bigger airlines lining up against him. This is why he is asking the CAA to give him unfettered rights over the number of flights he can make out of Gatwick to New York.

So far, he has not asked for any increase in his fares, to bring them up to those offered by the other airlines, but many in civil aviation believe that after a few months he will be obliged to seek a rise, if only to keep pace with inflation. As it is, he feels his fare is about right to encourage people who have not flown before to use the Skytrain, leaving more regular or well-off travellers to use the other types of services already available.

The others do not necessarily see it the same way. They believe that Mr. Laker has slipped the thin end of the wedge under the prevailing scheduled fares structure, and that it could topple if enough people flocked to Skytrain and the alternatives now being offered by the major scheduled airlines on the route. Much depends, of course, on how Skytrain works. The changes Mr. Laker has sought, especially the move to Gatwick, could revolutionise the service—for Gatwick is much easier to get to than Stansted. If the number of passengers coming forward is small, no-one other than Mr. Laker is likely to be worried. If, however, the passengers flood in, and if not only Skytrain is full, but the others also experience an upsurge in traffic, a new situation arises. The regular scheduled airlines would have to recognise that Skytrain has indeed started something new. Such a situation would require different, more permanent competitive arrangements than the new IATA fares which show all the signs of having been hastily cobbled together to meet an emergency.

What Mr. Laker really wants is time to prove his point about the competitive value of Skytrain. The first few months may not be really representative, for the winter is traditionally a period of poor traffic on the North Atlantic. Next spring and summer will be the testing times. By then, Skytrain will have bedded itself down, and Mr. Laker hopes it will be working smoothly. The word will have got around among the young people upon whom he is counting for his initial support, and traffic could begin to rise. Only then will it be possible to see what precisely Skytrain is doing to the Atlantic travel market, and to the fares structure.

NEW CHEAP ATLANTIC FARES COMPARED

Scheduled Flights (IATA pact) via British Airways, Pan American and Trans World†:	BOUGHT IN LONDON SINGLE	BOUGHT IN LONDON RETURN	BOUGHT IN NEW YORK SINGLE	BOUGHT IN NEW YORK RETURN	MEALS & DRINKS INCLUDED	BOOKING CONDITIONS	START DATE	AIRPORTS
1. APEX Plan	(a)	£149.50	(a)	$299 *(£174)	Yes	Via agents. 50 days ahead in U.K., 14-45 days validity.	Oct. 1	Heathrow-Kennedy
2. Budget Plan	£64 *($110)	£149 *($256)	$146 *(£85)	$256 *(£149)	Yes	Via agents, at least 21 days ahead passenger gets 10 days' notice of flight.	Sept. 15	Heathrow-Kennedy
3. Stand-by Plan	Same rates as Budget Plan				Yes	No reservations, Open date, stand-by ticket, sold not later than 2 hours ahead in U.K., 3 hours ahead in U.S.	Sept. 15	Heathrow-Kennedy
Laker Airways' Skytrain	£59	(b)	$135 *(£79)	(b)	No	No reservations. Purchase from 6 hours prior to flight‡	Sept. 26	Stansted-Kennedy‡
Charter Flights Jetsave (Advance Booking Charter)	(c)	£126	(d)	(d)	Yes	45 days ahead. 30 days' notice of flight.	Oct. 1	Heathrow-Kennedy

NOTES: (a) No singles available on APEX. (b) No return tickets available on Skytrain. (c) No singles on normal ABCs with Jetsave or other airlines. (d) ABCs not purchasable in U.S. * Approximate £ equivalents as quoted by the airlines. † Each airline is placing emphasis on different aspects of the IATA pact. ‡ Laker has asked for permission to use Gatwick and ticket sales from 4 a.m.

Letters to the Editor

...he last drop ... oil

...Mr. W. C. R. Whalley.

...—Ray Dafter (September ...ports on the Austria Con...e, 1976, regarding oil ...es. A note of caution ... called for on possibilities ...nhancing supplementary ...ry from reservoirs. Ex...ice in the U.S. is scarcely ...e to what may be expected ... giant fields elsewhere. The ... developed in the thirties ...ter, were invariably under ...l systematic control from ... inception, aimed at maxi... economic recovery over the ...f each field. Prior to the ... this was exceptional in ... U.S. where individual ...ty rights led to com...e stripping of the oil in ... with scant regard for ulti... recovery. As a result ...ive scope remained for ...mentary recovery of oil ...ning after flush production ... been exhausted. The ...ds used were invariably ... on the existence of large ...es of gas at low or even ...way prices.

...s it might well pay ...ally to expend more, ... much more, energy, in ...ring additional oil than ...l was worth energy-wise. ...ver fields commonly were ... by far more wells than ... have been necessary ... a more restrained system ...duction. As a result there ... in the U.S. some hundreds ...usands of stripper wells, ... spaced in each old field. ... ingenuity has been ...led on stimulating such ...d fields which in the ...ate make an important ...ution to U.S. production. ...ally such intensive drain...eads to high ultimate ...ry of the oil initially in ...

...ems unlikely that it will ...sible to apply supplement...covery methods of these ... to the giant fields where ...lk of present reserves are ... found. Natural gas prices ...sing world-wide and the ... use of gas, or its products, ...ng chemicals, to stimulate ...duction will surely seem ...attractive. Modern giant ... on-shore or off-shore, are ...ly organised around a ...l number of highly pro... wells. Field operating ...re high, justified only by ...production. In these cir...nces scope for low volume ...r production seems hardly ...t at anything like present ...es.

...hould be recognised that ...arch for ways of stimulat...pleted reservoirs has some...of the nature of the quest ...perpetual motion machine. ...re seeking to circumvent ...ws of nature. Once the ...l forces leading to produc...e depleted the remaining ... locked into microscopic ...ces of the reservoir rock ...rmous forces of surface ... On the whole it seems ...y that dramatic improve... in recovery will be made. ...ms significant that the ...ans apparently are con... aim at a national average ...per cent. as an attainable ...

...R. Whalley.
...h Street.
...ford, Berks.

...al value ...are index

...Mr. D. C. L. Griew

...—The past few years have ... notable increase in cover...en by the media to finan...affairs, with the F.T. ...ry share index the most ...ent item.

I think one should be worried by one aspect of this: the recent improvement in share prices is being described as a boom, and there is frequent speculation on when the previous "peak" will be surpassed. Of course, some people know all too well that the real value of shares (and the savings they represent) is still far below what it once was. But this will not prevent the Left from making effective use of the F.T. index during the coming months, if the rise continues.

Another figure which receives frequent publicity is the depreciated value of the pound sterling against an international basket of currencies since 1971. Why not create and publicise a new index figure, called the Real Value share index, produced by *multiplying the 30 share index* by the current depreciation of the pound since 1971?

At the close on Friday, September 3, 1977, the F.T. Ordinary *stood at 507.5, while the trade-*weighted Sterling index on the basis of the Washington Currency Agreement of December 1971, as calculated by the Bank of England, was 62.3, so the Real-Value share index was 316.

Now that the removal of dividend restraint and the indexing of C.G.T. are seen as serious possibilities, the climate of opinion becomes all-important. A simple Real-Value FT index figure would provide an instant corrective for use in political discussion.

Before deciding the basis of calculation, it might be as well to make discreet inquiries about the possible basis of any indexation of C.G.T. If "Doomsday" (1965) values are being considered, it would be even more effective to base the new index *on depreciation of the pound* since 1965, measured by the rise in the official cost-of-living index since then.

D. C. L. Griew.
"White Gates."
34, The Ridings,
East Preston,
Littlehampton,
West Sussex.

British Land's valuation

From the Chairman,
British Land.

Sir,—Your comment in your issue of September 2 on the suspension of the shares of British Land is inappropriate as this action was wholly in accordance with the latest recommendations of the Stock Exchange for the protection of an orderly market in the interests of the shareholders.

The best check on the valuation process carried out for the year ended March 31, 1976, which is a prime source of the Financial Times' attack, is that properties then valued at some £31m. representing 12 per cent. of the property portfolio (excluding retail leaseback transactions) at that date have subsequently been realised and produced £31m.

In addition, the two partnership transactions in The Netherlands and France with Wereldlands have involved properties valued at £34m., and were effected at that value. Thus £65m., or 25 per cent. of the portfolio, was *successfully exposed* to the test of valuation in the market place, most of it before the recent improvement in the market.

In the case of the French property, at the time of last year's valuation this transaction was pending. It was for this reason that it was valued with-*out deduction* for registration tax and other costs, amounting in all to over 20 per cent. customarily paid on a sale of French real estate. By the partnership route *the full value* could be (and was) confirmed.

The fact that 13 firms were employed is to a large extent a reflection of the widespread nature of the Company's home and overseas portfolio. It is also a reflection of cases where lenders selected valuers and their valuations were accepted by the Company. It would of course have been possible to offer an alternative criticism if only one valuer had been used that this was too concentrated.

In addition to the valuation process applied by the Board, the Auditors verify valuations and the information supplied to valuers, as the fundamental content of a property company's balance sheet is the accurate valuation of its portfolio.

The piece refers to the *"Group's consistently optimistic* pronouncements." The following was the opening of the 1974 Statement to members: "When I reported to you last year, I was able to refer to the Group's expansion and progress up to the time of publication of my statement in August 1973 at *which point conditions in our* industry remained buoyant. Before restrictions were imposed, the Company prudently made additional medium-term financing arrangements which provided a further £22m., but brought with it the burden of the high and increasing cost of money in terms of interest rates. It must be acknowledged that the continuance of the extraordinary penal cost of money was not envisaged for *such a sustained period of time.* This has distorted budget projections resulting in an adverse outcome to profits."

The following was the opening of the 1975 Statement: "The past 12 months have seen some of the worst conditions experienced by most of us, but it should not be thought that this period has been either an unproductive or a wasted year for your company. It would be invidious to single out any of the more obvious problems in a weakened economic situation with its accentuated effect on the property market further aggravated by high interest rates."

The following was the opening of the 1976 Statement: "Against improvements must be set the effect of high interest rates, which have diminished the advantage achieved. So long as the Government is increasing its debt with such velocity, and high interest rates persist, companies such as British Land, owning pri-*marily freehold* and long leasehold properties, will find it difficult to operate in the U.K. Even with attractive returns, in the range of 9-11 per cent. on *successful developments,* they cannot be retained long-term if the mortgage rate is around 17 per cent.—assuming money to be forthcoming."

John Ritblat.
35, Portman Square,
W.1.

New theology for equities

From Mr. Angus Phaure.

Sir,—In the Financial Times of September 1 you added your powerful voice to the increasingly heard hypothesis that the index at 500 in 1977 understates *the index at 500 in 1973* because of the inflation that occurred in the intervening period.

I am under the impression that anyone who buys the equity of a company does so to share in the ownership of (a) the assets (b) the earning power (=profits) and (c) time period returns (=dividends) of that company.

The index linked argument when applied to share prices would be valid if the shareholder were only concerned with (a), the assets of the company. However this is not so—he is far more concerned with (b), the profits the company can earn: and everybody knows that £1 of 1973 profits is worth much less than £1 of 1977 profits (or have the poor accountants been crying in the wilderness?).

Moreover, the situation is worse than that because the only return that the shareholder ever receives while being a shareholder of the company is his dividends—and there is no question that £1 of 1977 dividends will not buy anything like £1 of 1973 dividends.

For something which is patent nonsense the new theology seems to be gaining an awful lot of converts. Perhaps if I were to change the name of my house I would find it easier to genuflect at the new altar.

Angus Phaure.
Bear House,
Oxford Road,
Gerrards Cross.

The mentality of the bazaar

From the Managing Director,
Quantum Science.

Sir,—Have businessmen in this country developed a bazaar mentality? I am advising an Iranian associate on various U.K. technical exports to his country. In contacting British companies we invariably ask for technical literature and f.o.b. U.K. prices. Most companies respond within a fortnight, which is pretty good going by U.K. standards.

However, only about one company in ten encloses the requested price list or gives any price indication. This applies to both small specialist companies and large subsidiaries of multinational groups.

One appreciates that present-day price lists must be provisional but it is worrying to find such a large percentage of companies unwilling to quote any sort of price unless pressed to do so. Even in the bazaars the seller makes the first move!

Roy Jenkins.
27, St. George's Road,
Cheltenham.

Index linked annuities

From Mr. J. P. H. Plumbe.

Sir,—It was most interesting to read Lombard's article on August 24 which *referred to the* changing climate of opinion towards indexed bonds. I believe the time is now ripe to bring the subject up again of index linked annuities.

The index linked annuity would be of inestimable value to any individual not Government employed as it would give him or her in retirement maximum cover against inflation at the cheapest price. On the Government side, however, there would be *considerable* advantages also because the debt incurred would ultimately be completely terminated, both interest-wise and capital-wise and because any scheme (which could anyway be limited) would be largely self-balancing: if annuitants lived longer more taxes *would come in.*

As the Government seem determined to give themselves and their employees and dependants inflation-cushioned pensions, why should they not *sell* at market price similar facilities to others?

J. P. H. Plumbe.
83, Maybury Road,
Woking, Surrey.

To-day's Events

GENERAL

Trades Union Congress debates wage restraint. Opera House, Blackpool.

Ceremony of signing the new Panama Canal treaties in Washington between the U.S. and Panama led by President Carter and General Omar Torrijos.

ASEAN-U.S. trade dialogue opens in Manila.

International Monetary Fund gold auction in Washington.

Mrs. Margaret Thatcher, Conservative Leader, touring the U.S.

Mr. Peter Walker, Conservative MP for Worcester, speaks on private enterprise at annual luncheon of the Direct Sales and Service Association, Quaglino's, Bury Street, SW1.

Mr. Kingman Brewster, U.S. Ambassador to the U.K., in Edinburgh as guest at a luncheon at the City Chambers, followed by a tour of exhibition of American paintings.

Second and final day of "Pensions for 1978" Conference co-sponsored by the Financial Times and Money Management, Royal Lancaster Hotel, W2.

Final day of British Association for the Advancement of Science annual meeting, Aston University, Birmingham.

Windscale public inquiry continues, Whitehaven.

British Broadcasting Corporation launches new children's programmes.

COMPANY RESULTS

Carpets International (half-year). Guardian Royal Exchange (half-year). Hepworth Ceramic Holdings (half-year). Phoenix Assurance (half-year). Sun Alliance and London Insurance (half-year).

COMPANY MEETINGS

Anglo-American Asphalt, Great Western Royal Hotel, Paddington, W, 11.30. Braham Millar, Savoy Hotel, 12. Initial Services, Connaught Rooms, WC, 12.15. Pitman, 39-41, Parker Street, WC, 11. Rothmans International, Dorchester House, W, 12.30. Technology Investment Trust, 5, Crosby Square, EC, 12.

SPORT

Soccer England v Switzerland, Wembley. Scotland v Switzerland, Under-21 International, Ibrox Park, Glasgow. Golf Tournament Players Championship, Foxhills.

COMPANY NEWS + COMMENT

Blackwood Hodge ahead £1.26m. midway

TAXABLE profits of Blackwood Hodge for the first half of 1977 advanced from £6.39m. to £7.65m., on turnover up from £121.9m. to £136.5m. And the directors say that forecasts for the full year indicate that the improvement will be maintained and 1977 will be a record year both in terms of sales and pre-tax profits, which last year totalled £250m. and £12.71m. respectively.

Basic earnings per 25p share for the first half are 6.81p (5.61p) and fully diluted 6.28p (5.19p). The interim dividend is raised from an adjusted 1.17p to 1.3p net. Last year's total was equivalent to 2.6p.

Sales by U.K. companies in the first six months amounted to £45m. This figure includes a large volume of direct and indirect export business and is also inflated to some extent by sales which would normally have been expected in the second half.

Gross profit margins were reduced but this was due more to a change in the mix of sales than to any other factors. Operating costs and interest expenses were held at reasonable levels having regard to the inflationary trends in most of the countries in which the company operates. Overall net profit margins were slightly lower than in the first half of 1976.

	Six months 1977 £000	1976 £000
Sales	136,470	121,853
U.K.	44,534	30,914
Europe	22,523	21,646
Africa	33,157	30,527
Australia	22,464	12,760
Asia	1,556	1,389
North America	31,554	24,615
Interest	5,057	4,528
Pre-tax profit	7,647	6,389
Tax	4,130	3,600
Minorities	723	620
Extraordinary debits	*495	†1,351
Attributable	2,279	3,676

* Relates to an exchange loss of £495,000 on the conversion of group net assets overseas (excluding properties) into sterling at the rates of exchange ruling on June 30, 1977. Whereas a year ago sterling was falling against world currencies to-day it is appreciating. These currency adjustments do not affect trading results which already incorporate all realised exchange profits and losses arising on day to day trading. † Surplus.

● comment

Once again Blackwood Hodge's gross margins have slipped (from 9 per cent. to 8.1 per cent.) due to a change in the sales mix, but half-time profits are up by 20 per cent. Last year's front runner, the U.K., has put on a further impressive sales spurt but some of this may have been due to second half orders placed early to take advantage of investment grants. Australia has come up with a 76 per cent. sales increase, admittedly from a low base, and Canada is back in profit with modestly good prospects for the rest of the year. Africa, however, has slipped back and Europe continues to lose volume. The debt mountain appears to have been maintained but the 10 per cent. increase in interest charges since the year-end reveals the extent of the group's vulnerability to international currency and interest rate movements. These will continue to be critical to second half performance but in the meantime, the last 12 months' earnings provide a p/e of 7.9 at 88p, while the prospective yield is 5.1 per cent.

Provident Financial headway

FOR THE first half of 1977, pre-tax profit of Provident Financial Group expanded from £2.81m. to £3.09m., on turnover over £10m. ahead at £78m.

The directors state that since June 30 turnover has continued to grow satisfactorily, bearing in mind economic conditions. Repayments by customers are in line with expectations and money costs are, for the moment, favourable. As a result they view with cautious optimism the remainder of the year, in which the company normally earns the greater proportion of the year's profits. Last full year's profit was £7.3m.

The interim dividend per 25p share is stepped up from 1.4437p to 1.6125p net at a cost of £626,166 (£558,027).

The reduction in the basic rate of income tax to 34 per cent. has allowed the company to increase the total Ordinary dividend payable for 1976 by a further 0.0449p to 4.408p per share at a cost of £17,436.

New credit issued in the first half year was 15 per cent. more than in the corresponding period, and compares favourably with the trend of consumer spending. The growth in turnover is sustained despite continued emphasis on short term transactions.

Tax for the period took £1.61m. against £1.46m. leaving the net balance up from £1.35m. to £1.48m.

Interest charges fell £0.14m. to £3.3m. This is largely because lending policy improved collections, requiring lower borrowings.

Sufficient funds are available to meet any foreseeable demands and provisions for bad debts are fully adequate, the directors add.

● comment

First half progress at Provident Financial has been unremarkable. New credit extended has risen by 15 per cent., only a couple of points above the average for the retail credit sector, and somewhat below the company's normal target of keeping pace with the Retail Price Index. However, the second half with its normal boost from Christmas spending could still put the company back on target. Moreover, profits in the second half stand to benefit from the downward trend in interest rates, while the costs of introducing computerised customer accounts (which are given as the reason for the lag in profit growth) will also ease off then. Profits of at least £8m., therefore, look on the cards. At this level the shares offer a prospective p/e of 9.2 at 90p where the maximum yield is 8.4 per cent.

HOUSE OF SEARS

Mr. P. R. Atterbury announces that agreement has been reached with the receiver and manager of House of Sears Holdings, Mr. M. J. Spencer, for release of guarantees given by HOS to Barclays Bank in respect of the five subsidiaries of HOS.

HOS was released from receivership on August 23. Mr. Atterbury, chairman of HOS, has bought through one of his companies, Pridwise Properties, the freehold of House of Sears Limited main trading premises 95-101 Holloway Road, N.

The HOS two main trading subsidiaries, S. Sears and Sons and House of Sears Limited, have both formed new subsidiaries which have purchased certain assets and goodwill from their parents. These companies have been sold to Mr. Atterbury and will eventually form the basis of the new group.

The total consideration that might become payable for stock premises tax losses and goodwill is £49,740.

Garnar Scotblair progress

TAXABLE PROFITS of tanners and leather manufacturers, Garnar Scotblair expanded in the half year to July 31, 1977, from £420,000 to £502,000, and the chairman, Sir Kenneth Newton, says that a further improvement is anticipated on the record £1.11m. for the previous full year.

The interim dividend per 25p share is lifted to 1.75p (1.5p) net. The directors expect to recommend a total of 4.5p (3.25p)—this represents an increase of some 38 per cent. and the Treasury has confirmed that under current regulations consent will be given.

British Syphon up so far

A JUMP in taxable profit from £449,147 to £616,108 was achieved in the first half of 1977 by British Syphon Industries. The company is now preparing to make a two-for-seven Rights issue at 50p to raise about £750,000 net.

Sales for the six months climbed to £9.04m. (£6.73m.) and current order books indicate that trading should continue at its present level. However, Mr. J. M. Anderson, the chairman, considers a full-year forecast unwise in view of the political and economic climate.

The net interim dividend is stepped up to 1p (0.6p) per 20p share on the capital increased by the rights issue and the directors intend, in the absence of unforeseen circumstances, to pay a total for the year of 3p (1.3943p). Treasury consent has been given. Last year profit was a record £953,551.

Allotment letters will be posted immediately after an extraordinary meeting called for September 23, 1977, to increase the authorised share capital. The issue is being handled by ICFC, brokers to the issue are Anderson and Company.

Over the last five years sales have risen substantially. This higher level of trading, together with continuing inflation, has increased the group's working capital requirements which have to date been met from its own resources and from additional borrowings, the directors say, explaining the reasons for the new issue.

To meet increased demand, the production capacity of the printing and packaging subsidiary, Greenup and Thompson, and that of the cutlery subsidiary, George Ibberson and Company, have recently been enlarged by the purchase of two new factories.

It will be necessary to buy further plant and equipment for these two operations and to provide for more working capital. It is also planned to increase production capacity at the factories of the drink dispense equipment manufacturing subsidiary, Coldflow, by expanding the factory space. With new plant and equipment, this will enable the present production lines to be reorganised.

● comment

The 37 per cent pre-tax increase at British Syphon reflects improved trading in all divisions. The most important division, drink dispensers, has naturally done well in the aftermath of 1976's summer heat wave. The brewers spent much more on beer dispensers but this little boom may now peter out on the back of lower beer volume. However, sales of the soft drink dispensers were also helped by a switch from bottled soft drinks to draught—a trend which could continue. Meanwhile, the other divisions are doing well and it is their expansion (in cutlery and packaging) which is more responsible for the rights issue. As a small company and a conglomerate, BS is not likely to attract a premium rating in this market although it is more profitable than the average industrial company. The shares rose 4p to 75p yesterday but in view of slower growth likely in 1978 they look high enough. The ex-rights yield is 6.5 per cent.

Nurdin growth in first half

ON TURNOVER up by £20.28m. to £97.18m. in the half year to July 2, 1977, cash and carry wholesalers, Nurdin and Peacock reports profits increased 35 per cent. from £1.13m. to £1.52m. before tax of £0.79m. against £0.59m.

There has been some 24 per cent. rise in sales since July 2, the directors state, and with the new branches contributing they are confident that the full year will again result in record turnover and a satisfactory improvement over the previous year's £4.13m. profits.

Earnings for the six months are shown ahead at 2.53p (1.88p) per 10p share, and the net interim dividend is raised from an equivalent 0.715p to 0.79p—last year payments totalled 1.65p, adjusted for a one-for-one scrip issue.

The directors continue their policy of expansion of existing branches and establishing new branches. They have added an extension of 18,000 square feet to the new Isle of Wight branch and an extension of 16,000 square feet to the Peterborough branch is in hand. The new branches at Nottingham and the Isle of Wight enjoyed an excellent reception, they add, and both achieved very satisfactory sales.

● comment

The effect of the supermarket price war on Nurdin and Peacock is likely to be minimal since the small grocers which N&P supplies are not in direct competition. In the first half, though, the profitability of N&P increased for much the same reasons as did those of the large food retailers. Turnover was increased by inflation, and the rise in costs was restrained by Phase 2 of the incomes policy. The profits rise would doubtless have been greater still but for the new openings at Cowes and Nottingham. These cash and carry outlets made a loss to begin with (as is normal) and there were no comparable openings affecting the first half of 1976. N&P is now keen to expand further and certainly has the cash flow to do it, but finding suitable sites has not been easy. The shares at 93p are on a prospective p/e of about 10¼ for 1977 assuming full year profits of £3.5m. This looks high enough since the favourable trends in costs and incomes could reverse in 1978. The maximum yield is 3 per cent.

Statement, Page 30

TAYLOR WOODROW IN GHANA

Taylor Woodrow International and the Social Security Bank of Ghana have jointly formed a new Ghanaian company, known as Taysec Construction.

The company has been incorporated for the purpose of undertaking all types of building, civil engineering, and related contracts, and in addition, activities related to the industry, intending thereby to play an important role in the further development of the Republic of Ghana.

Freddie Mansfield

Mr. John Sowden, chairman of Richard Costain, who reports a 52 per cent. increase in first half profits.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
BICC	int.	2.25	Jan. 3	2.25	—	6.61
Blackwood Hodge	int.	1.3	—	1.17*	—	2.6*
Brit. Syphon	int.	1†	Jan. 4	0.6	—††	1.39
Richard Costain	int.	3.46¶	Oct. 31	1.5	3.46	3.1
Robt. M. Douglas		2.87	Oct. 14	2.56	3.87	3.47
Garner Scotblair	int.	1.75	Oct. 21	1.5	—	3.25
R. & H. Hall	int.	0.49	—	0.49	—	2.11
Hartley Industrial		1§	—	1	1	1
Horizon Midlands	int.	0.92	Oct. 28	0.82	—	2.84
Nurdin and Peacock	int.	0.79	Oct. 31	0.72†	—	1.65†
Prov. Financial	int.	1.61**	Oct. 26	1.44	—	4.36
Rosedimond Inv. Tst.	int.	2	Oct. 31	1.9	—	3.8
Storey Bros.	int.	1.68§§	Nov. 1	1.45	—	3.4
Turner and Newall	int.	4¾	Jan. 5	3.6	—	9.04
Union Corpn.	int.	12 cts‖	Sept. 23	12	—	36

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Supplementary 0.083672p net also declared for 1976 on reduction of ACT. § Gross throughout. ¶ Final dividend of 0.0246p net also declared for 1976 on reduction of ACT. ‖ In South African cents. ** Supplementary 0.0449p net also declared for 1976 due to reduction in ACT. †† Total of 3p net forecast on capital increased by 2-for-7 rights issue. §§ Additional 0.0289p net also declared for 1976 on reduction of ACT.

Longton Transport confident

IN HIS last annual statement as chairman, Mr. Edward Dale expresses confidence in the future of Longton Transport Holdings. However, he points out that the company's continued success depends to a great extent on the national economic climate.

So far in the current year a high level of turnover and profit has been maintained by the steel stockholding and processing section. Despite a general situation throughout the world of overproduction and sluggish demand, the results from this section are not expected to fall short of those achieved for 1976-77, he says.

As already known taxable profit for the year to March 31, 1977, expanded to £1.33m. (£0.76m.) on sales better at £25.51m. (£18.87m.). The net dividend is raised to 3.44257p (3.08637p) per 25p share.

At year end net liquid funds were down £495,000 (£430,000) and future capital expenditure totalled £132,250 (£256,000) of which £95,500 (£126,000) had been authorised but not contracted.

At August 6, 1977 ICFC held 17.03 per cent interest.

Mr. Dale will retire after the next AGM to become president, and his brother, Mr. Alfred Dale, will become chairman.

Analysis of turnover and profit by activity shows in £000s: steel, transport, storage and distribution shipping and forwarding £5,892 and £458 (£4,114 and £293); steel stockholdings and processing and engineering supplies £9,917 and £608 (£7,602 and £371); and vehicle distribution and repair services, crane hire and insurance broking £11,081 and £261 (£7,937 and £94).

During the year demand for storage, distribution and shipping and forwarding services was buoyant and the substantial contracts obtained towards the end of that year enabled the division to increase its profits substantially.

However, the general long distance haulage section is still unable to recover the ever-increasing costs in full.

The export packing section of this division showed a marked improvement and the strong demand for these services is continuing. A new warehouse and offices of approximately 30,000 sq. ft. is being built at Berry Hill, the chairman says.

With European transport the difficulties over permits have been overcome, and steady progress is being made.

In the engineering supplies section sales and profits during the present year have continued to improve. An additional depot at Jaton has recently been opened at Swindon.

The continued low level of activity in the construction industry following severe curtailment of public spending has further delayed the expected improvement in the company's construction plant business but crane hire is better.

RESULTS AND ACCOUNTS IN BRIEF

STEWART HAIR GROUP (hosiery and knitwear)—Results for year to March 31, 1977 already known. [illegible]

COMPCO HOLDINGS—Profit for six months to September 25, 1976, [illegible]

W. L. PAWSON AND SON (women's clothing manufacturers)—[illegible]

BALDWIN AND FRANCIS (HOLDINGS)—[illegible]

THOMAS ROBINSON AND SON (engineers and machine makers)—[illegible]

SOUTHEND STADIUM—[illegible]

MALAYSIAN TIN—[illegible]

LONDON AND LIVERPOOL TRUST—[illegible]

COMMERCIAL BANK OF THE NEAR EAST—[illegible]

C. T. ASIA (STERLING) FUND—[illegible]

ENGLISH AND CALEDONIAN INVESTMENT COMPANY—[illegible]

JOHN JAMES GROUP OF COMPANIES—Results for year to March 31, 1977, already known. [illegible]

DIAMOND STYLUS COMPANY (gramophone stylii manufacturers)—[illegible]

INDEPENDENT INVESTMENT CO.—[illegible]

ROSEDIMOND INVESTMENT TRUST—[illegible]

FITCH LOVELL (Manufacturers, wholesalers, and retailers of food, etc.)—[illegible]

J. E. SANGER (meat traders)—[illegible]

ISSUE NEWS

BOC 1-for-4 rights to raise £40m.

BOC International announces that underwriting has been completed for a rights issue of 64,321,431 Ordinary 25p shares at 64p per share to raise about £40m. The offer basis is one new share for every four held at the close of business on August 30.

The directors forecast that group profit before tax in the fourth quarter of the current year will exceed the £21.3m. for the comparable quarter last year and that the current year's group profit before tax will exceed £82m. (£73.6m.). A final dividend of 1.795p net per share will be recommended in respect of the year to September 30, 1977, making a total of 3.135p net per share (2.6588p), equivalent to 4.75p gross per share, an increase of 16.1 per cent.

The issue is payable in full on acceptance by Thursday, September 29. Underwriting has been arranged by Lazard Brothers and the brokers are W. Greenwell and Co.

See Lex

AAH SCRIP

AAH is proposing a one-for-[illegible] scrip issue to Ordinary holders on the register on September [illegible]

ROTAFLEX

Rotaflex (Great Britain) announces that in connection with the recent rights issue of [illegible] shares, acceptances have been received in respect of [illegible] shares representing 93 per cent of the issue. Those shares not taken up have been sold for the benefit of entitled holders.

Local Authority Bonds

The coupon rate on this week's issue of local authority yearling bonds resumed its fall after two week's of stability by dropping a quarter point to 7¾ per cent. The bonds are issued at par and due on September 13, 1978.

The issues are:—City of Cardiff (£½m.), Leicester City Council (£1m.), South Glamorgan County Council (£½m.), Trafford Borough Council (£½m.), Wokingham District Council (£½m.), East Hampshire District Council (£½m.), Essex County Council (£1m.), Birmingham District Council (£1½m.), City of Manchester (£1½m.), Strathclyde Regional Council (£½m.), London Borough of Wandsworth (£½m.), Lancashire County Council (£1m.)

Two-year bonds carrying a coupon of 9⅛ per cent. at par due on September 5, 1979 issued by the Thanet Borough Council (£1m.), Wirral Borough Council (£1m.), Gt. Yarmouth Borough Council (£½m.) and Devon District Council (£1m.).

Three-year bonds carrying a coupon of 10⅛ per cent. at par due on September 3, 1980, have also been issued by the London Borough of Ealing (£1m.), the London Borough of Ha[illegible] (£1m.).

One five-year bond has been issued by the [illegible] Borough Council (£½m.) coupon rate at 11¼ per cent issued at par; due on September 1, 1982.

Satisfactory improvement seen by J. & J. Dyson

IN HIS annual statement, Mr. G. A. Lomas, the chairman of J. and J. Dyson, says that profitability should continue to improve.

This will possibly not be in the same degree as the results for the year to March 31, 1977—profits before tax rose from £1.31m. to £2.3m. as reported on July 30—but nevertheless "in a most satisfactory manner."

Mr. Lomas reports that the group is trading very profitably but is somewhat under-capitalised. He foresees therefore that the directors will seek to obtain additional working capital probably by a rights issue.

An analysis for activity of turnover—£29.93m. (£23.49m.) and profit shows: refractories £25.24m. and £2.24m. (£20.28m. and £1.31m.), motor vehicles, trailers and supplies, etc., £3.58m. and £16,178 (£2.15m. and £51,562 loss), builders' merchanting £968,822 and £30,069 (£922,818 and £38,327), and laboratory supplies £140,149 and £18,634 (£129,473 and £13,961).

Exports at £9.05m. (£9.69m.) were split as to Europe £5.39m., Africa and the Middle East £1.85m., Australasia and the Far East £1.22m. and America £600,183.

Mr. Lomas says that the effect of the reorganisation of the Dyson Refractories division has been reflected in the results and the contribution to profitability has once again become of significance. Turnover increased marginally with a maintained export figure. As yet, in the current year, there is no real indication of an upturn in demand, either in the U.K. or abroad, due in the main to the world-wide recession in the steel industry. In spite of this the medium- and long-term prospects are good and the division will take full advantage of the anticipated increased trading activity.

The much improved profitability was achieved in spite of continuing troubles from the works in the Midlands. Every effort is still being made to correct this situation, and it is expected that with a resurgence in demand for the products of the works in this area an even more significant contribution will be made to group profitability.

Capital is being invested to expand the production facilities of works within the group which are not necessarily tied to serving the iron and steel industry. This is a diversification within the realm of ceramics but at the same time broadening the consumer field.

In a year when world trading conditions were generally stagnant, Pickford Holland and Co. improved turnover by almost [illegible] per cent., after allowing for the transfer of Silver End Works.

Tonnage sales rose by nearly [illegible] per cent. and profitability increased significantly.

Since the energy crisis [illegible] years ago, the rise in the cost of raw materials has caused the division's cash flow problems to become increasingly serious. Nearly all the raw materials have to be imported and require large amounts of energy in their extraction and formation. [illegible] cost is now generally four [illegible] what it was in early 1973. Added to that, increased production necessitated an increase in raw material stock levels.

However despite world trading conditions showing no sign of real improvement, demand for the division's products continues at a satisfactory level and no change is anticipated in the future.

A statement of source and application of funds shows an increase in bank borrowings of £594,908 (£76,187).

Meeting, Sheffield, on September 30 at noon.

HASLEMERE CONVERSION

On October 12, Haslemere Estates proposes to convert the remaining 5 per cent. convertible unsecured loan stock 1984 into Ordinary shares on the basis of one share for every 60p stock.

BOGOD-PELEPAH

The dividends announced by Bogod-Pelepah on August 17 following the reduction of ACT were incorrect. The rates should have read 0.6185p per Ordinary share and 1.237p per Ordinary A share and 1.210270p respectively. Restricted voting share not 0.605[illegible]

Rivalry growing for unlisted companies

BY MARGARET REID

risk competition, which the sent stock market boom can intensify, is beginning to elop in the City for the business of dealing in the shares of ller companies not listed on Stock Exchange.

e tussle—and that is what it oubtedly is, however dis- tly conducted—is between the k Exchange and the fast- ving investment bankers, Nightingale, which runs a alled over-the-counter market, ide the Exchange, in the es of 12 companies.

e rivalry is quickening at a when reviving investor rest in the wake of the stock ket's recovery is likely to npt many family-owned pri- companies to re-examine the hods by which they could sell- e holdings and obtain a ket in their shares.

e Stock Exchange, which es the shares of some 2,600 panies, last week demon- ed its anxiety about the city of new applicant com- es for its listing—there have only six so far this year, nst 132 in 1973, the high noon new flotations. To encourage companies to seek a quota- on the Exchange, it reduced 35 per cent. to 25 per cent. proportion of a company's es which it normally expects the interests of a free ket—to be held outside the r ring of a concern's family other major shareholders re granting a listing.

e Exchange's Council also at the end of July, a deci- —whose full implementation ill being considered—to give publicity to the facility r its Rule 163(2) for share ng through the stock market ares of unlisted companies.

livening the whole debate t the route by which com- es should ultimately make way to fully listed and ed status on the Stock ange is the course adopted wo sizeable companies of the tingale stable.

e is James Burrough, the un- Beefeater gin concern, e 1976-77 pre-tax profits were and in whose shares tingale started arranging earlier this year. The pany's capitalisation — over with the shares at around is such that the stock market cast envious eyes at it, with feeling that this was the of concern it would have listed on the Exchange. The er cent. of Burrough's shares in public hands is not as far the Exchange's new 25 per minimum for listing as it from the former 35 per cent. e; however, there appears to o intention to seek a listing this, or any other, but one ne concerns in which Night- le arranges deals.

e exception is Henry Sykes, pump-making engineer whose very over the past five years taken place under its chair- Mr. Anthony Hepper, once of the ill-fated Upper Clyde builders.

full Stock Exchange listing, ably through an introduction, ow expected to be sought rds the end of this year for s, in which Nightingale ed to make a market five s ago. As a preliminary to coming flotation, stockbrokers l-Cure Myers were this g appointed as the company's ers. Since April, the shares he company, in which the bank-backed Industrial and Commercial Finance Corporation holds 38 per cent. and a range of institutions 44 per cent., have been traded under the Stock Exchange rule 163(2), with two jobbers, Bisgood Bishop and Wedd Durlacher Mordaunt, making a market in them.

The shares now stand around 100p, compared with some 50p in April and 18p when Nightingale started making a market in them five years ago. The full listing aimed for late this year should enable the dividend to be raised, should please the institutional investors by providing a wider market and should help the insurance concerns among them by allowing the holding to be reckoned for solvency ratio purposes.

With its size and 80 per cent. of its shares no longer privately held, Sykes appears a classic example of the sort of concern which is suitable for stock market listing.

Nightingale, headed by Mr. Michael Nightingale, who started the business after a spell at the Harvard Business School and with a leading New York investment banking house, began trading six years ago. His idea—partly based on practice in the U.S., where there is extensive market-making by investment houses in the shares of companies large and small which are not listed on the New York Stock Exchange—was to match the desire of owners of private companies to sell some shares with the willingness of institutions to take a stake in such businesses.

From a handful of institutions, including the big Prudential Assurance and Eagle Star Insurance initially, there are now some 40-50 institutional investors with holdings in Nightingale companies.

As it happens, the first company in which Nightingale ran an over-the-counter market was Twinlock, the office equipment concern which last year ran into problems and in which the National Enterprise Board took a stake.

The Stock Exchange riposte to Nightingale's progress has something of an "anything you can do we can do better" flavour. The thinking appears to be that, if it comes to finding buyers for an available commodity in the form of shares in unlisted companies, the Stock Exchange should have incomparable muscle in finding buyers. As one broker said: "If there were real opportunities for private clients to buy unquoted securities, most firms of brokers would find they had clients who would support these shares." (Nightingale might reply to this that it has specialised in developing institutional interest in buying shares in the companies where it arranges deals, though stockbrokers might mobilise such interest also.)

Under Rule 163(2), the Stock Exchange has long allowed its members to deal, with the specific permission of the Council, in the shares of companies not listed on the Exchange and therefore not subject to its exacting listing agreement, on the provision of information and other matters.

But the facility is not very widely known—people close to the Exchange, as well as outside it, have been known to ask: "Rule 163(2)—what's that now?" Turnover under the arrangement has been tiny compared with the total worth of quoted securities, but Ordinary shares of a number of concerns which are familiar names—including Rangers Football Club, Aston Villa Football Club, Oldham Estates, Granada Group and others—crop up on lists of 163(2) dealings.

In its evidence to the Wilson Committee on financial institutions in July, the Stock Exchange noted the shrinkage in applications for new listings and added that it was "currently considering *these problems and assessing* whether there should be a change in either the listing requirements for new companies or the dealing procedures for less marketable securities."

Protection of investors through the availability of adequate information is one issue which would arise with any wide extension of dealings in unlisted companies. The Stock Exchange looks at the latest accounts of a company for Rule 163(2) dealings, but does not pretend to scrutinise the concern as if it would a listed company. However, stockbrokers regularly arranging 163(2) transactions would keep a closer surveillance. Nightingale imposes extensive information requirements for those in its stable.

Costs of dealing and the method by which sellers can get the best price are other subjects for debate when the merits of different forms of dealing in non-quoted stocks are discussed.

But certainly rivalry looks set *to develop in the increasingly* interesting area of dealings in stocks of unlisted companies. Mr. Nightingale, who says co-existence with the Stock Exchange has always been his policy, remarks: "We uncovered a market which we have been supplying in a small way for six years which was previously not being covered by anybody. Now the Stock Exchange appears to be getting interested in this market. Our speciality is providing an integrated financial advisory, research and market-making service."

BIDS AND DEALS

CCH disposes of Ewer stake

CCH Investments has sold its 27.69 *per cent. holding in George* Ewer and Co. at 25p per share.

The total consideration of £1m. represents the CCH book value of the investment and will be utilised to virtually eliminate short-term borrowings and provide additional working capital for development of Belhaven Brewery.

CCH chairman, Mr. Gordon A. S. Currie, has resigned as a director of George Ewer.

BUTTERFIELD HARVEY

Butterfield Harvey has issued 90,908 Ordinary shares to the vendors of Grimsby Caravans. This completes the first instalment of the consideration and the remaining instalments are due by September of 1978, 1979 and 1980.

HAWKER SIDDELEY

Brush Switchgear, a wholly-owned company within the Hawker Siddeley Group, has taken a 26 per cent. share in a new company incorporated in Malta to assemble electrical switchgear and linegear.

Called Mediterranean Power Electrical Company, it has an initial capital of Maltese £150,000 (about U.K. £205,000). The other shareholders are Libyan Arab Maltese Holding Company (34 per cent.), Public Electric Works Company of Tripoli, Libya (34 per cent.) and Malta Development Corporation (6 per cent.).

DOBSON PARK

Powell Baling Systems, which makes plant for the reclamation of waste materials, is being acquired from Dobson Park Industries by the Capper-Neill Group.

The rights to continue the Powell Baling Systems business will be operated by Paterson Hughes Engineering, of Sevenoaks, Kent, a Glover company specialising in the design and installation of mechanical handling systems for general industry.

CAFFYNS

Caffyns has exchanged contracts with the Receiver of the Rob *Walker Motor Group* to acquire the business, properties and certain assets of the garages currently operated by the group excluding that at Wimbledon.

Total consideration is approximately £1m., subject to a valuation of the current assets to be acquired.

SHARE STAKES

Gough Cooper: Brockhouse has purchased 115,000 Ordinary shares and also reports that Finspa Engineering, a subsidiary, has a holding of 4,666 Ordinary shares.

Benjamin Priest and Sons (Holdings): ITC Pension Trust, jointly with ITC Pension Investments, now own 333,333 Ordinary shares (5.9 per cent.) following the recent rights issue.

Sungei Bahru Rubber Estates: Malaysia Rubber Company acquired 1,500 shares on August 26, and is now interested in 460,000 (17.73 per cent.) shares.

Hume Holdings: The stake announced on August 30 was incorrect. *Rothschild Investment* Trust's holding is 6,463,120 "A" Ordinary shares (27.02 per cent.) not 6,513,120 (27.22 per cent.).

Edinburgh Industrial Holdings: Messrs. G. Bilton, C. De Naray and C. Aleman, have each acquired a further 100,000 Ordinary shares.

JOSEPH BUYS 1M. FRASER ANSBACHER

Mr. Maxwell Joseph has acquired a further 1m. shares in Fraser Ansbacher bringing his holding up to 5.2m. shares, or 9.5 per cent.

Mr. Joseph was unavailable for comment yesterday but it is understood that the purchase is intended to re-build his holding in Fraser Ansbacher, which stands to drop as a result of the sale by Grand Metropolitan and Joseph interests of 7.5m. shares to Lissauer Group, part of a recently announced £4.2m. capital injection plan. Details of this plan will be circulated to-day.

THAMES PLYWOOD

Under the terms of the option agreement of August 4, Technical Panel Holdings has required Ashley Industrial Trust to purchase from it 2,193,877 shares in Thames Plywood Manufacturers (91.41 per cent.) so far transferred to Technical Panel Holdings as a result of its offer. Thames Plywood had previously sold to Technical Panel its subsidiary, Technical Panel Industries.

ANTONY GIBBS

Bankers Antony Gibbs refused yesterday to comment on suggestions that it is negotiating the sale of its 70,000 sq. ft. office development at 22, Bishopsgate, in the City. But Gibbs did say that a detailed statement concerning the future of the £10m. scheme, which is now nearing completion, would be included in the bank's half-yearly report due out in the next fortnight.

COMMERCIAL UNION

Allianz Versicherungs AG has acquired the interests of Commercial Union in the capital of Anglo-Elementar Versicherungs AG and Deutsche Elementar Versicherungs AG, *all the necessary* approvals of British and German authorities having been received.

BRASCAN

Jonlab Investments, a subsidiary of Brascan, has sold its 26 per cent. holding in Canadian Cable Systems.

ASSOCIATES DEAL

Hoare Govett bought 39,400 GHP Group at 295p on behalf of Low and Bonar Group.

CAPARO'S NEW MOVE

Caparo Investments has introduced a novel element into its £1.2m. bid for Empire Plantations by announcing yesterday that it considers itself free to sell all or part of its 18.7 per cent. holding in the company at any price in excess of its offer price of 23p a share.

The news cut an initial 2p rise in Empire's price yesterday back to 1p for a closing price of 27p.

Caparo's move was made in accordance with a direction from the Panel on Takeovers and Mergers which asked Caparo to give 24 hours notice of its intention to avoid creating a false market.

Caparo, whose offer is to close on September 15, acquired its 1.1m. shareholding at an average price of around 16p and is therefore showing a useful paper profit on its purchases.

CHARRINGTONS

In yesterday's story on Coalite and Chemical and Charringtons Industrial Holdings it was inadvertently stated that the Coalite offer consisted of one share and 75p cash for each Charrington share. The correct exchange is one for every two Charringtons share.

Turner & Newall ahead by 54% at six months

ON SALES some 27 per cent. higher at £199.55m., pre-tax profits of Turner and Newall advanced by 54 per cent. to £24.33m. for the first half of 1977.

Mr. Patrick Griffith, the chairman, says that provided conditions generally do not alter, and operations are uninterrupted, results of the present businesses for the second half should not be materially different from those achieved in the first. In the second half of last year profits came to £19.56m. for a total of £35.33m.

First-half earnings are shown to be ahead from 11.01p to 17.19p per £1 share and the interim dividend is lifted from 3.8p to 4p net. An additional payment of 0.083672p is also declared on the reduction of ACT to supplement the 1976 total of 9.0387p.

Mr. Griffith reports that all divisions earned higher profits in the first half. Exports from the U.K. grew strongly, being 41 per cent. higher in value at £43.6m.

Demand for plastics and industrial materials was at a higher level resulting in an increase in profits.

The market for automotive components was buoyant and a satisfactory increase in profits was achieved. A number of equity investments in the U.K., Europe and the U.S. was made during the period.

Increased exports compensated for the depressed market in the U.K. for construction and insulation materials. Home profits showed some improvement, whereas overseas profits were well ahead. An improved performance was also recorded by asbestos mining and fibre distribution.

As recently announced, the company is making an offer for Storey Brothers and Co. of Lancaster, and a *tender offer for* approximately 52 per cent. of the capital of Philip A. Hunt Chemical Corporation of New Jersey, U.S.

Operating results of subsidiaries in Rhodesia are not included as their accounts are not available.

Changes in exchange rates reduced the profit before tax by £239,000 (1976—increased profits by £1,197,000).

T and N is adopting the basis under which no provision is made for tax reductions which, with reasonable probability, can be demonstrated to continue for the foreseeable future. The balance on the deferred taxation account as at December 31, 1976, amounting to £19.09m., has been reviewed resulting in a credit of £18.98m. to reserves and £113,000 to minority interests.

No deferred tax has been provided and the corresponding and previous year's figures have been restated.

A summarised group balance sheet shows fixed assets at £108.11m. at June 30, 1977 (£103.64m. at end 1976), investments £31.19m. (£26.31m.), cash and near cash £43.47m. (£49.87m.), other current assets £198.69m. (£171.44m.), short-term debt £16.32m. (£16.73m.) and other current liabilities £99.63m. (£80.57m.).

	Half-year 1977 £000	1976 £000
Sales	199,553	157,083
European companies	139,565	117,301
Overseas companies	49,848	39,782
Trading profit	27,109	19,143
European companies	12,659	7,808
Overseas companies	10,692	8,154
From associates	3,208	2,150
Financing charges	2,869	1,420
Profit before tax	24,337	15,822
U.K. tax	9,036	6,893
Overseas tax	5,036	4,267
Associates' tax	1,529	753
Net profit	8,536	5,129
Extraordinary debits	2,067	982
To minorities	1,529	1,675
Attributable	11,135	7,532
Dividends	1,468	2,571
Retained	9,673	4,683

See Lex

Storey Bros. falls to £1.3m. midway

PRE-TAX PROFITS for the 26 weeks to June 25, 1977, of Storey Brothers, which recently announced agreed terms for a merger with Turner and Newall, slumped to £1.3m. compared with £2.09m. for the corresponding 26 weeks. Turnover was ahead from £16.03m. to £19.38m.

Mr. David A. Harper, the chairman, states that despite the disappointing result, the full year result should show a recovery to a level approaching those for the previous year (before taking account of surpluses arising on currency realignments on items of a trading nature). In 1976, £4.04m. pre-tax profits were achieved.

Mr. Harper believes the worst is over in transfer printing and expects that second half losses will be lower than those in the first. The retail products division, without the dislocation from the manufacture and issue of *pattern books, should show results* reflecting the increased ordering rate and the industrial division is expected to continue trading at a satisfactory level.

The net interim dividend is stepped up from 1.4545p to 1.6246p and an additional final of 0.0299p for 1976 is declared following the ACT reduction—last year payments totalled 3.4016p.

	26 weeks 1977 £000	26 weeks 1976 £000
Turnover	19,378	16,030
Operating profit	1,366	2,109
Interest	13	157
Currency gain	12	65
Profit before tax	1,301	2,090
Tax	744	1,007
Net profit	557	1,083
Extraord. debit	155	86
Leaving	402	997

The chairman continues that the demand for transfer printing paper fell markedly when customers found themselves heavily overstocked. The Storey Corporation of Virginia started up according to plan and now produces the product to a satisfactory level of technical and operating efficiency. As expected it has, however, shown a £155,000 operating loss during the six months which is shown as an extraordinary item.

In the wallcovering trade, despite low home trade demand and a sluggish start to the year in export markets, orders for the first half were ahead. However, trading results were poor because of the timing of issues of pattern books, says Mr. Harper.

He adds that the industrial division has experienced an acceptable level of demand and the trading results were satisfactory.

James Beattie lower

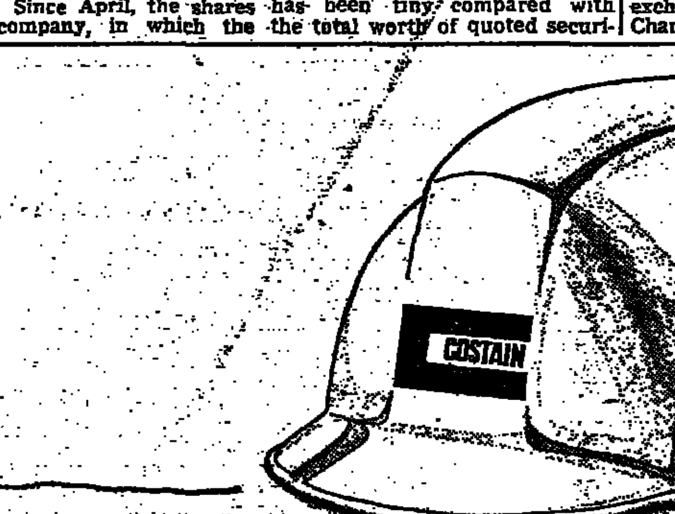
RETAIL department store operators James Beattie reports a 12 per cent. fall in taxable profit from £436,000 to £383,000 for the half year to July 31, 1977. Sales were 5 per cent. up at £10.54m. against £10.08m.

Mr. James Beattie, the chairman, comments that in recent years there have been very large increases in the costs of operation. Most of these are spread fairly evenly throughout the year and the company is finding it increasingly difficult to absorb them in the first half when sales are traditionally at a low level.

Many now agree the directors are having to regard this period as a holding operation with the bulk of profits being made in the second six months when sales are higher, he says.

Because of the reduction in the basic rate of tax it is proposed to pay a small amount of money, incorporated with the next dividend payment, to adjust the net dividend of 4.14621p per 25p share paid for 1976-77, when profit was a record £2.24m.

After tax of £199,000 (£227,000) net profit for the six months came out at £183,000 (£209,000).



Interim Report

Group Results

	Six months to 30 June 1977 £'000	1976 £'000	Half year increase	Year 1976 £'000
Turnover	187,000	155,000	27%	358,000
Profit before taxation and extraordinary items	11,518	7,595	52%	23,314
Less provision for taxation at estimated 48% (1976–50%, year 46%)	5,529	3,798		10,735
Profit after taxation and before extraordinary items	5,989	3,797		12,579
Less profit attributable to minority interests, preference dividends and extraordinary items	1,082	659		2,212
Amount available for ordinary shareholders	4,907	3,138	56%	10,367
Interim dividend of 3.4587p on the ordinary shares (1976–1.5p)	1,282	556		
Total dividend on the ordinary shares for 1976–3.1213p*	—	—		1,157
Amount retained	3,625	2,582		9,210

In accordance with previous practice, overseas currencies have been expressed in sterling in the half year figures at the market rates ruling at the previous year end.

*Including final dividend of 0.0246p per share to be paid on 31 October 1977.

Mr. J. P. Sowden, Chairman, reports:

For the six months ended June 1977 the unaudited statement of the Group's profit shows a further major advance compared with the statement I presented twelve months ago. Pre-tax profits show an increase of more than 50% compared with the first half of 1976. Although our International operations have contributed the greater proportion of this profit, our United Kingdom Divisions have performed well under difficult market conditions and are in good shape to take advantage of any upturn in the United Kingdom economy.

Orders outstanding at 30 June remain steady at £650 Million, of which some 70% relates to our International operations.

Based on the results now reported I expect the profits for the year 1977 to exceed those for 1976 by a comfortable margin.

Your Directors have today declared an interim dividend in respect of 1977 of 3.4587p per 25p ordinary share (1976–1.5p per share) which with the tax credit of 1.7818p per share is equivalent to 5.2405p per share. This is the maximum dividend payable under current legislation in respect of 1977 and it follows that no further dividend could, at present, be recommended for this year.

Legislation restricting increases in the payment of dividends has been in existence throughout the period from 1972 to 1977. Pre-tax profits for 1976 compared with those for 1972 have increased threefold. Furthermore, the increase derived from our International operations has been predominant. For this same period the cumulative increase in gross annual dividends payable to ordinary shareholders has been restricted to less than 50% and the dividend paid for 1976 was covered more than nine times by available profits.

Having regard to the foregoing, it would be the intention, in the absence of unforeseen circumstances, to pay in August 1978 a special dividend of not less than 6p per share and also, provided that the level of profit in 1978 is no less than that in 1977, to recommend dividends in respect of 1978 totalling at least 10p per share, consisting of an interim dividend payable in November 1978 and a final dividend payable following the Annual General Meeting. Each of the foregoing amounts is exclusive of tax credits.

The interim dividend for 1977 of 3.4587p per 25p ordinary share will be paid on 31 October 1977 to all ordinary shareholders registered at the close of business on 30 September 1977. There will also be paid, on the same basis, the final dividend for 1976, following the reduction in the rate of Advance Corporation Tax, of 0.0246p per 25p ordinary share, making the total paid for that year 3.1213p per share, equivalent, with applicable tax credits, to 4.7842p per share, as previously shown in the annual accounts.

COSTAIN

Britain's leading international construction group

Richard Costain Limited
111 Westminster Bridge Road, London SE1 7UE

COSTAIN INTERNATIONAL LIMITED

Big rise in world tea pickings

By Our Own Correspondent

THE TEA crop harvested in India between January and June totalled 197.6m. kilos, an increase of 20.4 per cent. over the corresponding period last year.

During the same period the world crop rose 67.1m. kilos, much of the gain coming from India, Kenya and Sri Lanka.

Reports from Cochin, South India, say that the change in the market tone continues. Prices there have fallen by more than 50 per cent. since the imposition of an export duty on April 9. The decline in Calcutta was 33 per cent.

At Indian auction centres, the price has been helped partly by purchases by Russia and Iraq of broken mediums. Low medium and medium fannings were absorbed mainly by the U.S., while U.K. buying was very selective.

The procurement agency of bulk tea for the National Consumer Co-operative Federation, which will supply tea through 60,000 Indian retail outlets at prices approved by the Government, hopes to procure 1m. kilos of tea in the coming months.

Thai kenaf exports down

THAI KENAF exports in June decreased to 3,581 tonnes from 6,795 in May and 13,081 tonnes shipped in June 1976, according to statistics from the Jute Association of Thailand.

Main importing countries in June were El Salvador (986 tonnes), Japan (890), U.S. (712), Ivory Coast (395), and Spain (240).

Total exports during the 10 *months from September 1976* were 62,740 tonnes. This compared with 133,155 tonnes for the previous, corresponding period. Reuter

Cheaper knives

SWISS-MADE Victorinox pocket knives will be up to 20 per cent. cheaper in the U.K. as a result of increased productivity and automation at the Swiss factory.

Cornwall's chief

VISCOUNT FALMOUTH has been appointed Lord-Lieutenant of Cornwall in succession to Colonel Sir John Gawen Carew Pole. Lord Falmouth, aged 57, lives at Tregothnan, Truro.

● AGA Navigation Aids has received orders valued at £200,000, for equipping five lighthouses, including in each case a major rotating light installation at Port Gydnia, Poland; Akassa, Nigeria; Estavan, Vancouver Island; Lan Yu Island, Taiwan, and Galway Bay, Eire.

BICC

BICC RESULTS FOR HALF-YEAR TO 30TH JUNE 1977

based on unaudited figures

	Half-year to 30th June 1977 £m	Half-year to 30th June 1976 £m	Year to 31st December 1976 £m
Group Sales	512.8	426.8	898.4
Operating Profit	28.5	25.6	53.3
Finance Charges	4.7	4.8	9.8
Pre-Tax Profit	23.8	20.8	43.5
Taxation	11.0	11.0	23.0
After-Tax Profit	12.8	9.8	20.5
Minority Interests	3.5	3.1	7.0
Attributable Profit	9.3	6.7	13.5
Earnings per Share	6.34p	4.85p	9.70p
	Interim	Interim	Year
Dividends per Share – Net	2.25p	2.25p	6.61p

The above figures for the year to 31st December 1976 exclude Extraordinary Losses on Investments of £5.9m.

EXPORT SALES at £104.1m show a 45% increase over the corresponding period in 1976. Sales by overseas companies in the Group amounted to £191.6m.

OPERATING PROFIT increased by 11% reflecting a significant improvement in several of the U.K. based operations but offset by lower profits overseas.

EARNINGS PER SHARE increased by 31% to 6.34p due partly to a lower tax charge.

INTERIM DIVIDEND maintained at 2.25p net per share.

OUTLOOK improving and, providing Government contains inflation at a reasonable level, the Company will maintain the impetus of its export drive and at the same time take advantage of any up-turn in the U.K. market. This should result in a satisfactory improvement in earnings for the current year compared with 1976.

The Interim Dividend will be paid to Ordinary Shareholders registered in the books of the Company on 11th November 1977. Warrants will be posted on 30th December 1977, and will be payable on 3rd January 1978.

BICC

The complete Interim Group Results will be posted to Share and Loan Stock Holders on 12th September 1977. Further copies are available from the Secretary, BICC Limited, P.O. Box No. 5, 21 Bloomsbury Street, London WC1B 3QN.

Richard Costain up 52% to £11.52m. so far

FIRST-HALF 1977 pre-tax profits of public works contractors, etc., Richard Costain jumped by 52 per cent. from £7.6m. to £11.52m. on sales some 27 per cent. higher at £197m.

Mr. J. P. Sowden, the chairman, says that although the international operations contributed the greater proportion of the profit, the U.K. divisions performed well under difficult conditions and are in good shape to take advantage of any upturn in the economy.

Orders outstanding at June 30 remain steady at £650m., of which some 70 per cent. relates to the international operations. Based on the results now reported, Mr. Sowden expects full year profits to exceed the £23.51m. for 1976 by a comfortable margin.

The net interim dividend is 3.4387p per 25p share (1.5p). This is the maximum payable under current legislation in respect of 1977 and no further dividend could, at present, be recommended.

It would be the intention, in the absence of unforeseen circumstances, to pay in August, 1978, a special dividend of not less than 6p net per share and also, provided the level of profit in 1978 is not less than that in 1977, to recommend dividends in respect of 1978 totalling at least 10p net per share, consisting of an interim dividend payable in November, 1978, and a final dividend payable following the AGM.

With the current interim dividend there will also be paid a final dividend for 1976, following the reduction in ACT of 0.0246p per share, making the total paid for that year 3.1213p per share.

	Six months 1977	1976
	£000	£000
Turnover	197,000	155,000
Trading profit	12,434	8,634
General	11,281	7,283
Rental income	1,177	538
Property sales	—	—
Interest payable	946	1,090
Profit before tax	11,515	7,595
Tax	5,329	2,798
Net profit	5,988	3,797
To minorities	1,068	665
Attributable	4,921	3,132
Preference dividends	14	14
Available for Ordinary	4,907	3,118
Interim dividend	1,282	536
Retained	3,625	2,582

comment

On the back of a 27 per cent. growth in turnover Costain's interim pre-tax profits are 52 per cent. ahead and for the full year profits of over £30m. look on the cards. Last year the important Middle East contracts — the Dubai dry dock and the Port Rashid extension — made a "modest contribution." This year it is termed a "useful contribution" and as both contracts are not scheduled to be completed until 1979 they are likely to grow still more significant in the overall profit split. Elsewhere the Australian operation pushed its profits up by over a quarter and both Canada and Nigeria were up by around a fifth. Even in the U.K., which accounts for less than a third of turnover these days, profits were higher. However the main reason for the 9p jump in the share price yesterday to 284p was the news on the dividend—likely to be covered by well over ten times earnings this year. If dividend restraint is scrapped next year Costain plan to pay a "special" dividend of 6p and a normal dividend of "at least 10p per share." Leaving aside the bonus payment this would put Costain on a yield of over 5.

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Warwick Eng. expects to show advance

If current conditions continue, profit for the current year at Warwick Engineering Investments, a subsidiary of Gidney Securities, should show an advance. All group companies are expressing confidence and the year seems to have started well for them, Mr. Michael Gidney, the chairman, tells members.

On turnover down from £17.3m. to £13.97m., taxable profit for the year to March 31, 1977, was maintained at £343,783 (£331,790)—as reported on August 2. The net dividend is lifted to 2.293p (2.083p) per 20p share. The company has close status.

Direct export sales rose by 36 per cent. to £4.15m. (£3.05m.) and group exports, directly and indirectly, represented over half of the total manufacturing output.

At year-end bank overdrafts were up at £1.83m. (£1.52m.) and short-term loans at £429,398 (£391,279).

Record performance was achieved by Mechanical Tools and Gauges, and with the order level remaining high another successful year is expected. As a part of a five-year capital expansion plan new plant was installed during the year which is considerably more productive. A second unit, likely to be the largest of its kind in the U.K. for finishing longer tube lengths, has been ordered, Mr. Gidney says.

Work with the Royal Navy and overseas navies by the marine engineering division added to its good order load through the year and this is still healthy. Sales by pump manufacturers Thom. Lamont, was slightly down but profit level was maintained.

Trading by the aircraft side was not as buoyant and profit was correspondingly less. There is still uncertainty among international passenger-carrying aircraft operators, but currently Aircraft Furnishing has a good order load which is expected to continue through 1977/78.

Brevitt, footwear manufacturers improved profitability and substantially expanded export sales.

It was a difficult period for trading by the metallurgical division. Management of the principal subsidiary was changed and the group directors are confident that control of this company has been improved greatly and the drain on group resources stemmed.

For the powder products side there was tough competition in export markets and at home due to some lack of demand. However, a world under-capacity in aluminium production is expected by mid-1979 which should have a very positive effect on the aluminium powder company.

Meeting, Birmingham Airport, September 13, at noon.

Gala Cosmetic strengthened

Following the problems in the U.S. cosmetic business which resulted in a £1.2m. trading loss in the last accounts, Smith and Nephew has strengthened the management in its subsidiary, Gala Cosmetic Group.

The former company secretary and finance director, Mr. Harry Langfield, who was also responsible for overseas business, has resigned. From October 1 his position will be filled by Mr. David Livingston and there will be a further appointment from the main S and N Board to strengthen the financial team at Gala.

Meanwhile, Gala's managing director, Mr. Michael Hawksley, is in America, dealing with the company's problems there.

MINING NEWS

MIM has a good year, but . . .

BY KENNETH MARSTON, MINING EDITOR

FULFILLING the promise of the good half-time results, Australia's MIM Holdings base-metal group reports that net earnings for the year to June 30 have advanced to $A44.08m. (£27.9m.) from $A22.8m. in 1975-76. A final dividend of 6 cents (3.8p) makes a total of 9 cents compared with 4.5 cents last time.

The latest results reflect the financial benefits of the devaluation of the Australian dollar coupled with higher average metal prices—notably for copper and lead—and a substantial recovery in the group's sales of zinc concentrates. Copper sales rose to 147,609 tonnes from 144,801 tonnes and the average price received for wirebars was $A1,243 per tonne compared with $A1,031 last time.

But MIM says that despite the improvement in earnings, the long term relationship between them and funds employed remains depressed. Furthermore, production costs have continued to rise at a "disturbing" rate and the amount of royalty payable "is of major concern."

During the group's current financial year metal prices have weakened, so with the continued rise in costs MIM looks to be in for a more difficult year. The shares were 136p yesterday.

Black Friday

SO FAR the bodies of 21 black miners and one white have been recovered from the Blyvooruitzicht gold mine in South Africa following the pressure burst (an explosion of fragmented rock under the huge pressures created by the weight of rock above) which occurred on Friday. A further 10 men are still missing.

It is also reported that following what is described as a seismic event on the same day at the Hartebeestfontein gold mine, the bodies of three more black miners have been brought to the surface.

This brings the death toll to five. Of five other men taken to hospital, three have now been discharged and the other two are stated to be in a satisfactory condition.

Union Corpn.

SOUTH AFRICA'S Union Corporation reports consolidated net earnings for the half-year of R21.3m. (£13.2m.) and an unchanged interim dividend of 12 cents (7.9p). In the same period of last year the profit was R19.8m. while the total for 1976 amounted to R39.2m. and the final dividend amounted to 24 cents.

The latest figures are not comparable with those of last year because in October, 1976, African Coasters, Carlton Paper, Darling and Hodgson, Evelyn Haddon, Geduld Investments, Kohler Brothers and Sappi all became subsidiaries of Union Corporation.

However, it is stated that if these companies had been subsidiaries in the first half of 1976, Union Corporation's earnings per share then would have been 40 cents and the net asset value per share 739 cents. The respective figures for the past half year are 34.8 cents and 652 cents.

Union Corporation has thus experienced a less buoyant half year. Income from the gold mining investments, however, is now improving with the rising earnings of that industry, while the profits of the group's South African industrial subsidiaries are generally holding up.

Providing that the Impala Platinum subsidiary, which has maintained its dividend total for the year to June 30 last, does not fare too badly, Union Corporation's earnings could improve in the current half-year. The shares were 245p yesterday.

U.K. side lifts BICC to £23.8m. at midway

INCLUDING exports of £104.1m., against £71.9m., sales of cable and wire makers BICC expanded from £428.9m. to £512.8m. for the first half of 1977 and profits advanced from £20.85m. to £23.83m. before tax of £11.06m. (£11.03m.).

Mr. C. H. Broughton Pipkin, the chairman, says that if the Government can contain inflation at a reasonable level, there will be a definite increase in business which has already been strengthened by the fall in interest rates.

Given these conditions he is confident that the impetus of the export drive could be maintained and, at the same time, advantage can be taken of any up-turn in the home market. This should result in a increase in earnings for the current year, he tells members.

First half earnings are shown to be up from 4.85p to 6.34p per 50p share, a major factor being the reduced effective tax rate. The interim dividend is held at 2.25p net. Last year's total was 6.61p paid from reported earnings of 8.7p. Pre-tax profits for all 1976 came to £43.48m.

The increase in sales was due in part to the improved level of activity in some U.K. markets and the effects of inflation.

Operating profit at £28.5m. (£23.6m.) reflects a significant improvement in several of the U.K.-based operations but lower profits overseas.

The effective tax rate of 46.4 per cent. against 53 per cent. arises from no write-off of ACT due to improved U.K. profits and a sharp decrease in unrelieved losses overseas.

	First half 1977	1976
	£000	£000
Sales	512,800	428,900
U.K.	217,100	185,000
Exports	104,100	71,900
Overseas	191,600	172,000
Operating profit	28,483	23,636
Finance charges	4,655	2,785
Pre-tax profit	23,828	20,851
Taxation	11,061	11,031
Net profit	12,767	9,820
To minorities	3,459	3,388
Attributable to Ord.	9,308	6,432
Ord. dividends	3,378	3,225

* After depreciation £9.8m. (£8.6m.).

Balfour Beatty's operating profits came to £4.07m. (£1.78m.) for the half-year and the chairman has no doubt that it will continue to do well.

BICC Cables is still adversely affected by the fall in demand over the last few years for low voltage power cables in the U.K. and the directors have decided to phase out manufacture at Renfrew factory of Scottish Cables. The telecommunication cables unit has put a great deal of effort into dealing with the loss-making coaxial telephone cable contract in Iraq, and as a result this contract should be substantially completed by the year end and within the financial provisions already made. In general, telecommunication cables have done better than last year and so, also, has the general cables unit, so that operating profit of BICC Cables overall increased from £7.21m. to £8.19m. This still represents a margin of only 4.1 per cent., however.

BICC Industrial Products, which is responsible for the U.K. business in non-cable making fields, increased its half-year sales by nearly 30 per cent. and its operating profits from £1.25m. to £1.69m. There is considerable growth potential in several of its markets and the directors are developing these and seeking out others.

BICC International, although increasing its sales slightly, suffered a setback to operating profits from £15.39m. to £13.55m. The major part of this reduction occurred in South Africa and Canada. The revised method of dealing with the profits of General Cable Corporation adopted at the end of 1976 also reduced the amount taken into accounts compared with last year. These reductions were to some extent counter-balanced by a return to profit in Portugal and Spain, which has a double effect in that last year's losses offset against the profits for tax purposes.

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See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims—Anglo American Industrial Corporation, Anglo American Investment Trust, British Vending Industries, Carpets International, J. Dewhirst, H. Goldman, Guardian Royal Exchange, Hepworth Ceramic, Newbold and Burton, London and Manchester Assurance, Phoenix Assurance, Portals, Sun Alliance and London Insurance, H. Woodward.

Finals—Courtaulds, Diploma Investments, Barbeck.

FUTURE DATES

Interims—	
BSR	Sept. 13
Breda International	Sept. 14
Fairbairn Lawson	Sept. 14
Home Charm	Sept. 13
Land Industries	Sept. 12
MacFarlane Group (Clansman)	Sept. 9
Magnolia Group	Sept. 8
Morgan Crucible	Sept. 13
Norwic Securities	Sept. 13
Pentos	Sept. 12
Richards and Wallington Inds.	Sept. 14
Small (John C.) and Tidmas	Sept. 22
Solicitors' Law Stationery Society	Sept. 13
Wilkes (James)	Sept. 13
Finals—	
Australian and International Trust	Sept. 13
Bracken Mines	Sept. 9
Delkeny	Sept. 9
Dixon (David)	Sept. 12
Gallenkamp (A.)	Sept. 13
Kinross Mines	Sept. 8
Leslie Gold Mines	Sept. 8
London Merchant Securities	Sept. 8
Malayalam Plantations	Sept. 9
Mills Marketing	Sept. 14
St. Helena Gold Mines	Sept. 9
Second City Properties	Sept. 14
United Tin Areas	Sept. 8
Winkelhaak Mines	Sept. 8

Douglas turns in £3.2m.

CIVIL ENGINEERING, building contractors, Robert M. Douglas Holdings, lifted pre-tax profits from a restated £2.67m. to £3.21m. for the year to March 31 after £1.69m. against £1.61m. for the first half.

Full year earnings are shown to be up from 20.3p to 21.5p per share and the dividend is lifted from 3.4684p to 3.8735p with a final of 2.8735p.

Waivers on both the interim and final dividends have received totalling £6,943 and £37,726 (£35,149) respectively.

The provision for deferred tax has been reduced to be consistent with the proposals contained in exposure draft 19 that no provision has been made for accelerated capital allowances and the appropriate figures have been restated.

At the forthcoming AGM it will be recommended that the issued share capital be increased from £3m. to £3.5m. by capitalisation issue of one for six Ordinary shares be made.

DUNDEE & LONDON INVESTMENT

Dundee and London Investment Trust on August 31, 1977, reduced its borrowing on currency loans to $2m. by the repayment of $500,000.

RACAL REDEEMS

It is proposed by Racal Electronics that its 7½ per cent. Debenture stock 1987-92 be redeemed at £95 per cent.

Quebec exploration

THE QUEBEC Government, alarmed by declining exploration for base metals, plans a pilot programme under which it offers 50-50 cost-sharing for new exploration ventures with the private sector.

The new programme stems from civil service studies which have shown that reserves of base metals, gold and silver and other minerals are not being replaced at the same rate as extraction. The one area where there is no concern is iron ore, of which the province has billions of tons of reserves.

The first target area in the programme is the north-west mining area of Quebec, once important for its gold and copper. In the past 20 years, many mines have closed and the old Horne mine, which was the foundation of the present Noranda Mines resource giant, has been worked out. The North-west is now best known for its zinc.

The pilot plan has a budget of $C500,000 and the province will pay up to half the exploration costs of qualifying projects with a maximum of $C100,000. Eligible firms must have their main place of business in Quebec and submit details of any programme suggested. The plan will be evaluated at year-end, and if effective will be made permanent.

A Ministerial committee is considering ways to offer tax incentives to Quebec investors in mining securities—stock market financing of exploration and development has virtually dried up in recent years.

New Australia tax attacked

The biggest organisation representing Australian mining companies, the Australian Mining Industry Council, has described the Government's proposals for a new resources tax as "discriminatory, short-sighted and a disincentive to investment in the industry."

The council's attitude to the proposed tax was announced by its executive director, Mr. Paul Phillips, after a special meeting of the executive committee.

Mr. Phillips said that mining was notorious for its high-risk nature and its propensity to wide fluctuations in profitability. The extractive industries in Australia already paid more than $A170m. (£108m.) in royalties to the state and federal governments in addition to normal company tax. The proposed resources tax would add a fourth level of taxation on mining.

The Government announced its intention of introducing the resources tax in the budget on August 16, but gave no details. It said it would be conferring with the industry before taking further action.

Mr. Phillips said that no-one would buy tickets in a lottery if the prizes were confiscated. It would be a tragedy if Australia's potential for mineral development were stifled by short-sighted Government policies which constituted a disincentive to initiative and the investment of risk capital.

Official statistics issued to-day point to a healthy growth in exploration this year, however. A survey of major companies indicated that spending on exploration in the December half-year was expected to reach $A69m. compared with $A52m. in the six months to the end of June.

Gopeng still needs water

THE London-controlled producer of tin in Malaysia, Gopeng Consolidated, is still suffering from the water shortage which has restricted production since April. The mine's August output makes a total of 1,673 tonnes for the past 11 months compared with 2,020 tonnes in the same period of 1975-76.

As reported yesterday, Gopeng's Malaysian subsidiary is entering into an equal partnership with Syarikat Permodalan Dan Perusahaan Perak to develop tin leases in the Chenderiang Valley of Perak.

	Aug.	July	June
	tonnes	tonnes	tonnes
Gopeng	132	138	122
Tanjong	28	27	22
Idris	30	34	31
Pengkalen	211	19	161

MINING BRIEFS

PETALING TIN—August output 200½ tonnes (July 147 tonnes).

ANGLO AMERICAN CORPORATION—Coal division August sales output (figures are stated in metric tons). Republic of South Africa: Bituminous—Amalgamated (Cornelia) 253,534. Anglo Power (Arnot) 297,595 (Kriel) 304,595. Bleshok 40,395. Coronation (Bank) 148,506. New Largo 104,700. S.A. Coal Estates 361,084. Springbok 203,994. Springfield 324,746. Vryheid Coronation (coal) 16,690 (coke) 41,887. Total: 2,200,178. Vierfontein 139,989. Zuinguin Natal's Indument Colliery 34,277. Anthracite: Balgray Collieries 18,573. Natal Anthracite 58,594. Wankie Colliery (coal) 163,195 (coke) 45,840. Swaziland Collieries' Mpaka Mine 19,411. Morupule Colliery 25,039. Group total: 2,705,898.

Fear may cause officers to leave—police chief

FEAR, rather than poor pay, could be causing some men to leave the police force, Mr. Ronald Gregory, Chief Constable of West Yorkshire, said yesterday.

He told his police committee that while some men left because they could not afford to stay, others resigned because they wee "frightened to death."

The committee, meeting at the Dishforth police training centre, North Yorkshire, agreed to back Mr. Gregory in acquiring riot shields and visors for his officers.

Home Office advice recommending that overtime should be stopped was rejected by the committee which decided that West Yorkshire's 4,500 rank and file policemen would continue to work 42 hours instead of the basic 40. The force would also employ 64 more cadets at a cost of £20,000.

Mr. Gregory, said the force could afford the extra cash because recruitment—which he described as "critical"—was so low. The recommended reduction of the working week to 40 hours would have meant absence from duty of 200 officers each day.

Mr. Gregory declared: "We want 200 more, not 200 fewer." Every policeman was a recruiting officer, but "they are not telling a very happy story." Many were leaving after 25 years with reduced pensions rather than staying on for 30.

Inward cargo lower at Hull

INWARD cargo through the Hull docks for the five weeks ended July 3 was 273,129 tonnes, compared with 335,682 tonnes in the corresponding period last year. For the aggregate 26 weeks, it was 1,558,558 tonnes, compared with 1,751,456 tonnes.

Outward cargo in the five weeks increased to 190,286 tonnes from 186,214 tonnes the previous year and the 26 weeks' aggregate also showed a slight increase to 1,032,262 tonnes against 1,013,257 tonnes. The increase was spread over most commodity headings.

MONEY MARKET

Exceptional assistance

Bank of England Minimum Lending Rate 7 per cent.
(since August 12, 1977)

Day-to-day credit was in short supply in the London money market yesterday, and the authorities gave assistance by lending an exceptionally large amount, overnight to two or three discount houses at Bank of England Minimum Lending Rate of 7 per cent.

Banks carried forward run down balances, there was a net take-up of Treasury bills to finance, repayment of loans made to the market on Monday, and the call on Exchequer 12¼ per cent., 1994.

On the other hand there were reported to be further funds coming into London across the foreign exchange market.

Discount houses paid 6½-7 per cent. for secured call loans at the start and closing balances were taken at 6-6½ per cent.

Rates in the table below are nominal in some cases.

Sept. 6 1977	Sterling Certificate of deposits	Interbank	Local Authority deposits*	Local Auth. negotiable bonds	Finance House Deposit	Company Deposits	Discount market deposits	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	6¾-7	—	—	—	7⅜	6-7	—	—	—
2 days notice	—	—	6⅝	—	—	—	—	—	—	—
7 days or 7 days notice	—	6⅝-6⅞	6⅝-6¾	—	6⅞-7	7¼	6½-6¾	—	—	—
One month	6⅝-6½	6½-6⅝	6⅝-6¾	7⅛-6⅞	6⅞-7	7⅛	6⅝	6¼	6⅝	7¼
Two months	6⅝-6½	6½-6⅞	—	7-6¾	7	—	6¼-6⅝	6⅜	6½	7¼
Three months	6⅝-6½	6½-6⅞	6⅝-6¾	7-6⅝	7	—	6¼	6⅜-6⅞	6⅝	7¼
Six months	6⅞-6¾	6⅞-7	7⅛	7-6⅝	7⅜-7½	—	—	—	6⅞	7½
Nine months	7¼-7⅛	7¼-7⅛	—	7¾-7½	8	—	—	—	—	—
One year	7⅛-7	7⅝-8	7⅝-7⅞	7⅞-7⅝	8½	—	—	—	—	—
Two years	—	—	9⅝-9⅛	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. * Longer-term local authority mortgage rates nominally three years 10½-10⅝ per cent.; four years 11⅛-11¼ per cent.; five years 11½-11⅝ per cent. ⊕ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 6¾ per cent.; four-month trade bills 7⅝ per cent.

Approximate selling rate for one-month Treasury bills 6⅝ per cent.; two-month 6⅜-6½ per cent.; and three-month 6⅝ per cent. Approximate selling rate for one-month bank bills 6⅞-6¼ per cent.; two-month 6⅜ per cent.; and three-month 6½ per cent.; one-month trade bills 7¼ per cent.; two-month 7¼ per cent.; and also three-month 7¼ per cent.

Finance House Base Rate (published by the Finance Houses Association) 7½ per cent. from September 1, 1977. Clearing Bank Deposit Rates for small sums at seven days' notice 4 per cent. Clearing Bank Base Rates for lending 8 per cent. Treasury Bills: Average tender rates of discount 6.3043 per cent.

Horizon Midlands runs into loss halfway

...oss of £298,535 against a pre-... profit of £30,597 is shown by holiday operator Horizon Midlands for the half year to May ...977. Turnover was £6.48m. ...r at £5.43m.

...trend to late bookings makes ...st forecast impossible but as ...ated in April, the directors ...ect substantial profits for the year.

...ter brochures have been ...ributed later this year therefore overall winter bookings for 78 are down, while current ...s are running ahead.

A net interim dividend is ...d to 0.91532p (0.81995p) per ...are. Last year payments ...ling 2.84078p were paid from ...d profits of £1.37m.

...ere was no tax for the first ...this time, against £19,250.

...okings for this summer were ...prior to Christmas, but ...January they have been ...factory and over the last two ...ree months have been running at unprecedented levels, the ...tors state.

...e overall market has ...ted this last improvement ...will probably finish only ...ly down on the level ...ieved last summer. Horizon ...carry significantly more ...ngers than summer 1976 and ...t exceed the record carrying ...775. Average load-factor will ...lose to the 86 per cent for ...year and margins have been ...tained.

...a number of passengers from ...idlands have fallen following ...overall market drop. The ...any's general increase in ...ings has been a result of a ...ssful new programme from ...chester. Lower than anticipated passenger numbers has ...t a somewhat curtailed flying programme, which will have ...dverse effect on profitability, ...directors add.

...cept for 1975 and 1976, ...small profits were achieved, ...company has shown a loss in ...first half each year as certain ...heads are incurred in winter and spring in respect of the promotion and organisation of summer holidays from which a high proportion of revenue is only received in second half.

Several factors contributed to the loss in the first half. These were principally a 12 per cent reduction in the number of passengers carried in the winter, a lower winter load-factor compared and lower traffic levels in April and May. In addition, overheads were higher.

Statement, Page 28

Macarthys Pharm. prospects

Sir Hugh Lindstead, chairman of Macarthys Pharmaceuticals, expects the group to continue to prosper in the current year. It has a wide spread of interests and ability to react quickly to changing market conditions, he tells members.

The fall in the number of pharmacies, however, means that the available business is concentrated into fewer, larger outlets, in many cases with their own distribution facilities. As a result, for the independent pharmaceutical distributor, the volume of available turnover tends, little by little, to reduce, he points out.

Aware of this trend, the group is expanding its distribution business through specialised hospital and agency distribution arrangements.

Sales by the pharmaceutical activity were well maintained during the first months of the current year, he says.

For the year to April 30, 1977, group taxable profit improved to £2.83m. (£2.48m.) on external sales up from £60.15m. to £73.97m.—as reported on July 28. The net dividend is lifted to 3.99p (3.52p) per 20p share.

On a current cost accounting basis profit would have been £1.57m. (£1.53m.).

There was a net outflow of funds during the year of £1.36m. (inflow £384,000) and at year-end bank loan and overdraft was up at £2.11m. (£971,000).

An analysis of sales and profit by activity shows in £000s: manufacturing £2,203 (£1,999), £61 (£184); pharmaceutical distribution £59,194 (£48,870), £2,432 (£2,151); surgical distribution £6,081 (£4,556), £240 (£181); retailing £9,168 (£7,054), £465 (£365); veterinary £4,049 (£3,062), £252 (£177); other activities £411 (£365), £79 (£42). Less internal sales of £7,239 (£5,729); group managements cost of £329 (£301); and staff bonus of £370 (£322).

Meeting, Ingatestone, on September 29, at 11 a.m.

Alexanders upsurge

Glasgow-based Ford, *Chrysler* and British Leyland main dealers Alexanders Holdings reports pre-tax profits of £46,500 for the six months to March 31, 1977 compared with a loss of £54,800. Turnover rose to a record £10.8m. against £9.1m.

Mr. J. B. T. Loudon, the chairman, says that the second six months have shown a considerable increase in business and the Board confidently expects that profits for the year to be substantial. Current trading continues to be buoyant he adds. For the full year to September 30, 1976 there was a pre-tax profit of £64,478.

	Six months 1976-77	1975-76
Turnover	10,800,000	9,100,000
Profit before tax	46,500	*54,800
Taxation	46,300	—
Net profit	200	*54,800
Pref. dividends	6,630	6,630

* Loss. † The abnormal tax charge, all deferred, is due to losses in the Dutch subsidiary not being available for set-off against U.K. profits for tax purposes.

Courts (Furnishers) warns of downturn

On the basis of current trading operating profits for Courts (Furnishers), in the current year, may well be lower unless there is a sustained further improvement in trading levels. It is anticipated, however, that a much smaller transfer to deferred profit will alleviate the position at the net profit level, Mr. Edmund Cohen, the chairman, tells members.

When these present economic difficulties are overcome he foresees an excellent future for the group.

Trading has begun slowly in the U.K. but there has been an improvement over recent weeks, and U.K. sales are ahead. Overseas all subsidiaries are recording higher turnover except for the Jamaican subsidiary which is suffering from the effect of a 37.5 per cent. currency devaluation imposed in April, 1977.

As reported on June 30, taxable profit for the year to March 31, 1977, was £4.87m. (£4.84m.) on sales better at £47.35m. (£40.07m.). The net dividend is lifted to 3.12882p (2.84383p) per 25p share.

At year end bank loans and overdrafts, less cash and bank balances, were up £1.32m. (£798,000). A valuation of group properties showed a total of £14.69m. representing a surplus over book values of £4.04m. (£4.36m.).

Of total operating profit of £7.94m. (£6.57m.) the U.K. contribution was £4.02m. (£3.49m.) and overseas, £3.91m. (£2.88m.). A geographical analysis of turnover shows in £000s: U.K. £27,287 (£24,707); Australia £4,599 (£4,011); Jamaica £10,384 (£8,038) and other overseas £4,775 (£3,312).

The major part of the 24.6 per cent. advance in operating profit went into augmenting the group's deferred profit, thereby limiting the progress at pre-tax level to only 0.4 per cent. This will flow automatically into earnings in future years. The deferred profit now totals £11.36m. and provides a most useful and valuable underpinning for the future against any temporary weakness in trading conditions, the chairman says.

Meeting, Morden, on Sept. 28, at 11 a.m.

R. & H. Hall ahead at midterm

TURNOVER of the Cork based grain merchants R. and H. Hall expanded from £29m. to £44.29m. in the first half of 1977, and pre-tax profits rose from £1.02m. to £1.14m.

The directors say it is hoped that the satisfactory full year results of last year will be maintained. For all 1976 pre-tax profits reached £2.44m.

First half earnings are shown to be up from 3.04p to 3.32p per 25p share. The interim dividend is held at 0.4875p net. Last year's final was 1.625p.

	First half 1977	1976
	£000	£000
Turnover	44,290	29,002
Share assocs.	604	364
Inv. income	10	1
Pre-tax profit	1,135	1,015
Tax	564	513

Transport Dev. Australia peak $2.15m.

Pre-tax profits of Transport Development Australia, a subsidiary of Transport Development Group, rose from $A1.92m. to a record $2.15m. for the year to June 30, 1977, on turnover of $17.34m. against $15.21m.

With little sign of a recovery in the economy current profits are down on last year when trading was exceptionally buoyant, the directors say. The operating companies are lean and fit and ready to take full advantage of any upturn in demand which may occur, they add.

Earnings per share are 22.76 cents (29.4 cents) on increased capital from a rights issue and the dividend is 10 cents (9 cents) with a final of 6.25 cents (5 cents): the total absorbing $555,512 ($386,000).

Profit is struck after interest $310,000 ($273,000) and depreciation $1m. ($0.69m.).

Tax of $0.9m. ($0.7m.) has been based on a Federal Company tax rate of 46 per cent. (42.5 per cent.) and is after deducting an over-provision from previous years of $46,000 ($94,000). The tax benefit from investment allowances is being spread over a period of five years. The benefit taken in the current year amounts to $90,000 ($53,000), it is stated.

Expansion for Hartley Industrial

The Manchester-based property group Hartley Industrial Trust has shown a big improvement in its results for the year ended March 31, 1977.

Turnover rose from £290,000 to £366,464, and profits of £88,749, against £1,479 were achieved, including extraordinary items of £57,011 (£689). Tax takes £29,015 (credit £2,245).

Earnings before extraordinary items came to 0.16p (0.18p) per 20p share: including such items they were 3.46p (0.21p). The dividend is held at 1p gross.

NORTHERN IRISH AND SCOTTISH

At the EGM of Northern Irish and Scottish Investment Trust it was resolved that the company be wound up voluntarily and that Mr. George E. Cameron be appointed liquidator.

Entertainment Guide

CC—These theatres accept certain credit cards by telephone or at the box office

OPERA & BALLET

COLISEUM. Credit Cards 01-240 5258. Reservations 01-836 3161. ENGLISH NATIONAL OPERA. Tonight & Sat. 7.30 The Barber of Seville. Tomorrow 7.30 A Night in Venice. Fri. 7.00 La Boheme. Mon. 7.30 Silver Jubilee Concert. Tue. 7.30 La Vie Parisienne. 104 Balcony seats always available night of perf.

COVENT GARDEN. 240 1066. SPECIAL ANNOUNCEMENT THE TROJANS. The Royal Opera House regrets that owing to contractual problems it will not only be possible to perform PART II OF THE TROJANS THE TROJANS AT CARTHAGE which will be given complete and will start at 7.30 p.m. Seat prices will be reduced from Schedule C to B and relevant refunds on tickets already purchased can be *obtained on the eve. of the perf.* (or by post later) on prod. of the ticket counterfoil. The Trojans at Carthage. 21, 24, 27, 30. Sept. 3, 5, 8. Oct. 7 30

PALLADIUM. 01-437 7373. Evgs. 7.30. Mat. Sat 2.45. Until Sept. 17. ROLAND PETIT'S BALLETS De MARSEILLE. COPELIA Until Sat. Sept. 10. NOTRE DAME DE PARIS Sept. 12-17. Casting *avail. at Box Office*

ROYAL FESTIVAL HALL. 928 3191. Until Sept. 15. Evgs. 7.30. Mat. Sats. 3. LONDON FESTIVAL BALLET. This week Sanguine Fan. Scheherezade. Graduation Ball. Next week: Giselle

SADLER'S WELLS THEATRE Rosebery Ave. E.C.1. 837 1672. Until Sat. Evs. 7.30. Mat. Sat. 2.30. *KOREAN* NATIONAL DANCE COMPANY. "Ravishing Girls" Financial Times. "Stunning" Evening News. "Not to be missed." Sun. Times. Comm. Tues. until 1 Oct. Sadler's Wells ROYAL BALLET

THEATRES

ADELPHI THEATRE. 01-836 7611. Evgs. 7.30. Mats Thurs. 3.0. Sats 4.0. IRENE. "LONDON'S BEST NIGHT OUT SPECTACLE, CAPTIVATING TUNES AND RACY COMEDY." People. IRENE. "SLICK, SUMPTUOUS — THE MUSICAL IRENE HAS EVERYTHING." D. Express. IRENE. INSTANT CONFIRMED CREDIT CARD *BOOKING 01-836 7611.*

ALBERY. 836 3878. CC. Evenings 8.0. Mats. Thurs. 3.00. Sats. 5.30 and 8.30. DEBORAH KERR, DENIS QUILLEY. "TWO MASTERLY PERFORMANCES." Bernard Levin. Sunday Times. CANDIDA By Bernard Shaw. "IMPOSSIBLE NOT TO SUCCUMB TO CANDIDA'S SPELL." Daily Mail. Directed by Michael Blakemore.

ALDWYCH. 836 6404. Info. 836 5332. Air-Conditioned. Royal Shakespeare Company in repertoire. Today 2.00 and 7.30. Tomor. 7.30. THE COMEDY OF ERRORS. "A Treat" The Times. *With Much Ado About Nothing (Fri. Sat. m&e) Troilus and Cressida (reduced price prevs. from 13 Sept.)* RSC also at The Warehouse (see under W) and at the Piccadilly and Savoy Theatres.

AMBASSADORS. 836 1171. Evenings 8. Sats. 5.30 and 8.30. Mats. Tues. 2.45. Broadway's Hilarious Musical Whodunit SOMETHING'S AFOOT. "Infusing the theatre with unalloyed joy. High octane hilarity . . . perfect family show." S. Express. "Enormous gaiety. I loved every daft minute of it." D. Mir. "Chock full of genuine comic business." F. Times. "Exuberance abounds." E. News. Dinner and top-price seat £7.50 inc.

APOLLO. 01-437 2663. Mon. to Thur. Evgs. 8.15. Fri. and Sat. 6.0 and 9.0. AFTER SHAVE. *HILARIOUS MUSICAL REVUE*

CAMBRIDGE. CC. 01-836 6056. Mon. to Thur. at 8.00. Fri., Sat. 5.45, 8.30. IPI TOMBI. "PULSATING MUSICAL." Evg. News. 2nd GREAT YEAR. Seat prices £1.50 to £4.50. Dinner and Top-price seat £7.75 inc.

CHICHESTER. 0243 86333. Tonight, September 8, 10 at 7.0 JULIUS CAESAR. September 8, 10 at 2.0 September 9 at 7.0 THE APPLE CART

COMEDY. 01-930 2578. Evenings 8.00. Mat. Thurs. 3.00. Sats. 5.30 and 8.30. Winner of all 1975 Awards. Best Play of the Year. HYWELL BENNETT in SIMON GRAY'S *OTHERWISE ENGAGED*. Directed by Harold Pinter.

CRITERION. 01-930 3216. Evgs. at 8. Sats. 5.30, 8.30. Thurs. 3.0. LESLIE PHILLIPS. "Impeccable . . . a master." Sun. Tms. in SEXTET. "HILARIOUSLY FUNNY" News of World

DRURY LANE. 01-836 8108. Evgs. 8.00 sharp. Matinee Wed. and Sat. 3.00. A CHORUS LINE. "VOTED BEST MUSICAL OF 1976"

DUCHESS. 836 8243. Evenings 8.00. Fridays and Saturdays 6.15 and 9.00. OH! CALCUTTA! "The Nudity is Stunning." D. Telegraph. 8th SENSATIONAL YEAR

DUKE OF YORK'S. 01-836 5122. Evgs. 8.0. Wed. Mat. 3.0. Sat. 6.0 and 8.30. *Until Sept. 24.* "A SINGULAR SENSATION." A Musical entertainment starring ANITA HARRIS with George Giles, Bernard Jamieson. A SPECIAL JUBILEE PRESENTATION.

ELLE et LUI. CC. 01-437 2661. Walker's Court, Brewer Street, W.1. Twice Nightly 8.15 and 10.15. PAUL RAYMOND presents PENETRATION. An erotic adventure in French pornography. "Good-looking men and women perform various permutations of the sexual act." Evening News. You may drink and smoke in the auditorium.

FORTUNE. 836 2238. Mon. to Fri. 8.00. Sat. 5.00 and 8.00. Mats. Thurs. 3.00. AGATHA CHRISTIE'S MURDER AT THE VICARAGE. Third Great Year!

GARRICK THEATRE. 01-836 4601. Monday-Friday Evgs. 8.15. Matinees Wednesday 3.00. Sat. 6.00 and 8.40. TONY BRITTON, PETER WOODTHORPE, PHYLLIDA LAW. THE BELLS OF HELL. "JOHN MORTIMER'S DEVASTATINGLY FUNNY PLAY." S. Tel. "I ENJOYED IT HUGELY." D. Mail.

GLOBE. CC. 01-437 1592. Evenings 8.15. Mat. Wed. 3.00. Sat. 5.00 and 8.40. PAUL EDDINGTON, AMANDA BARRIE in the SECOND YEAR of DONKEYS' YEARS by MICHAEL FRAYN. THE BEST COMEDY OF THE YEAR

GREENWICH, Crooms Hill, S.E.10. 858 7755. Evgs. 7.30. Mat. Sat. 2.30. SHOOT UP AT ELBOW CREEK. "BAFFLED." Milton Shulman. "INVIGORATING." Fin. Times.

HAYMARKET. 930 9832. Evenings 7.45. Mat. Wed. 2.30. Sats. 5.00 and 8.15. Googie WITHERS, John McCALLUM, Christopher GABLE, Jenny QUAYLE, Bill FRASER. THE CIRCLE. Somerset Maugham's famous comedy. "Faultlessly acted, worth going miles to see." Herbert Kretzmer. Daily Express.

HER MAJESTY'S. 01-930 6606. Evs 8.0. Mats. Wed. 3.0. Sats. 4.30, 8.15. GLYNIS JOHNS, KENNETH GRIFFITH, HELEN LINDSAY in TERENCE RATTIGAN'S CAUSE CELEBRE. "A powerful drama." Evening News. "RATTIGAN REVEALS HIS MASTERY." S. Tel. "Glynis Johns plays brilliantly." D. Tel. "Extremely moving." Times.

KING'S ROAD THEATRE. 352 7488. Mon. to Thurs. 9.00. Fri. Sat. 7.30, 9.30. THE ROCKY HORROR SHOW. Now in its 5th rocking year

...ON CASINO. 437 6877. *Evgs. Mon. to Thurs. 8.00. Fri. 5.30 and 8.30.* Sat. 2.30 and 8.30. DEAN. "A CHARGE OF NEON-LIT SHOWBIZ EXCITEMENT." GUARDIAN

LYRIC THEATRE. 01-437 3686. Evs. 8.0. Thurs. 3.0. Sat. 5.30 and 8.30. CELIA JOHNSON, RALPH RICHARDSON. "GREAT PERFORMANCES" Sun. Tel. *in* WILLIAM DOUGLAS HOME'S THE KINGFISHER. Directed by LINDSAY ANDERSON. "A DELIGHT" Daily Telegraph

MAY FAIR. 01-629 3036. 492 2031. Evgs. 8.15. Sats. 6 and 8.40. Pam Gem's DUSA, FISH STAS AND VI. "BRILLIANT." D. Tel. Last 3 WEEKS. MUST END SEPT. 17.

MERMAID. 248 7656. Restaurant 248 2835. Opens Sept. 12 at 7.00. Prevs. from 7th at 7.30. Subs Evgs. 8.0. Mat. Sat. 5.00. Wendy Craig, Norman Rossington, Ken Jones, Eileen Kennally in BREEZEBLOCK PARK. A new comedy by Willy Russell. Stalls Tickets £1.25-£3.50. Combined Dinner-Theatre Ticket £5.95.

NATIONAL THEATRE. 928 2252. OLIVIER (open stage): Today 2.30 (red. pr. mat.) Ton't. 7.30 VOLPONE by Ben Jonson. Tomor. 7.30 The Madras House. LYTTELTON (proscenium stage): Ton't. 7.45. Tomor. 2.45 & 7.45 BEDROOM FARCE by Alan Ayckbourn. COTTESLOE (small auditorium): Ton't. 8 SIR IS WINNING by Shane Connaughton. Tomor. 8 Judgement. *Many excellent cheap seats all 3 theatres day of perf.* Car park. Restaurant 928 2033.

THE OLD VIC. Box Office. 928 7616. A Season of new plays 13-17 Sept. MAX WALL in BUSTER. 19 Sept.-29 Oct. WHITE SUIT BLUES and TOUCHED. Evenings 7.30. Sat. Mat. 2.30. Wed. 14, 21, 28 at 7.00.

PALACE. 01-437 6834. JESUS CHRIST SUPERSTAR. Mon.-Thurs. 8.00. Fri., Sat. 6.00, 8.40.

PALLADIUM. 01-437 7373. ROLAND PETIT'S BALLETS DE MARSEILLE. See Under "Ballet" Heading.

PALLADIUM. 01-437 7373. Sept. 19 For One Week Only. First time together in England TONY MARTIN and CYD CHARISSE with the Cyd Charisse Dancers, the Rockin' Berries & full supporting Co. BOX OFFICE NOW OPEN.

PALLADIUM. 01-437 7373. September 26 for 2 weeks only. BING CROSBY, ROSEMARY CLOONEY, KATHRYN CROSBY, JOE BUSHKIN QUARTET and TED ROGERS. Box Office now open.

PHOENIX. 01-836 8611. Opening September 14. JULIE HARRIS as Emily Dickinson in THE BELLE OF AMHERST. Red. Price Previews from Sept. 3.

PICCADILLY. 437 4506. Credit Cards. FULLY AIR-CONDITIONED. Mon.-Fri. 8. Sat. 5.15, 8.30. Wed. 3. *ROYAL SHAKESPEARE COMPANY* in "RAUCOUSLY FUNNY" 18th Century Comedy WILD OATS. "*Unremittingly funny.*" Sunday Times. RSC also at Aldwych and Savoy Theatres.

PRINCE OF WALES. CC. 01-930 8681. "REJOICE. REJOICE GODSPELL IS MAGNIFICENT." Sun. Times. Evgs. 8.15. Fri. and Sat. 5.30 and 8.30. *Seats from £1. SEASON MUST END SAT.*

QUEEN'S THEATRE 01-734 1166. Opens Tonight at 7.0 prompt. Subs. Evgs. 8.0. Sat. 5.0 and 8.30. Wed. Mat. 3.0. ALEC GUINNESS in THE OLD COUNTRY. A New Play by ALAN BENNETT. Directed by CLIFFORD WILLIAMS

RAYMOND REVUEBAR. CC. 01-734 1593. At *7 p.m., 9 p.m., 11 p.m.* (opens Suns.) PAUL RAYMOND presents THE FESTIVAL OF EROTICA. Fully AIR-CONDITIONED. You may drink and smoke in the auditorium

REGENT. 323 2707. Evenings 8. Friday and Saturday 6.30 and 9. STEVEN BERKOFF'S EAST. "DAZZLING." "WONDROUS." "FILTHY" "MARVELLOUS." DIRECT FROM SENSATIONAL NATIONAL THEATRE VISIT.

ROYAL COURT. 730 1745. LAST WEEK. Evs. 8. Saturdays 5 and 8.30. ONCE A CATHOLIC. A Comedy by Mary O'Malley. "You shake with laughter." Guardian. From Sept. 12. Nightly 8.30. ALBERTO Y LOST TRIOS PARANOIAS in SLEAK. The Snuff Rock Musical. See also Theatre Upstairs.

ROUND HOUSE. 267 2564. 2 wks. only. Prev. Ton't. at 8. Opens tmr. at 7 (these 2 pfs. all seats 50p). Subs. eves. 8. Sat. mat. 4. A MAD WORLD MY MASTERS by Barrie Keeffe. "A right cracker" Gdn. "lunaticly funny." S. Times.

ROUND HOUSE DOWNSTAIRS. 267 2564. Opens tonight at 7. Subs. 7.30. National Youth Theatre in GOOD LADS AT HEART by Peter Terson.

SAVOY. CC. 01-836 8888. Evenings 8.00. Mat. Thur. 3.0. Sat. 5.0, 8.30. ROYAL SHAKESPEARE COMPANY with RICHARD PASCO, SUSAN HAMPSHIRE in SHAW'S MAN AND SUPERMAN directed by CLIFFORD WILLIAMS. "I sat in a cloud of joy from beginning to end." S. Times. RSC also at Aldwych and Piccadilly Theatres.

SHAFTESBURY THEATRE. 01-836 6596. ANNA NEAGLE, Peter Gale and Anna Sharkey in MAGGIE. A great new musical. Prevs. from 7th Oct. at 8.0. Opens 12th Oct. at 7.0. BOX OFFICE OPENS 12th SEPT.

SHAW. 388 1394. National Youth Theatre in JULIUS CAESAR. Opens Fri. at 7.0. Gala Perf. All seats £3.00. Subs. Evgs. 7.0.

STRAND. 01-836 2660. Evenings 8.00. Mat. Thurs. 3.00. Sats. 5.30 and 8.30. NO SEX PLEASE —WE'RE BRITISH. THE WORLD'S GREATEST LAUGHTER MAKER

ST. GEORGE'S ELIZABETHAN THEATRE. Tufnell Park. Evgs. 7.30. Mat. Sat. 2.30. THE MERCHANT OF VENICE. "Confidently recommended." Fin. Times. Box Office 01-609 1128

ST. MARTIN'S. CC. 836 1443. Evgs. 8.0. Mats. Tuesday 2.45. Saturdays 5 and 8. AGATHA CHRISTIE'S THE MOUSETRAP. WORLD'S LONGEST-EVER RUN. 25th YEAR

TALK OF THE TOWN. CC. 01-734 5051. From 8.15 Dng. Dncg. 9.30 Super Revue RAZZLE DAZZLE and at 11 p.m. TONY MONOPOLY

TH. UPSTAIRS. 730 2554. Ev. 7.30. SUDLOW'S DAWN by Nigel Baldwin. "Riveting." Obs. LAST WEEK.

VAUDEVILLE. CC. 836 9988. Evgs. 8. Sats. 5 and 8. Mat. Tue. 2.45. KENNETH MORE, PATRICIA ROUTLEDGE, Moray WATSON, Carolyn SEYMOUR in Frederick Lonsdale's ON APPROVAL. "UNDENIABLY FUNNY." "Beautiful, witty, a classic." Sun. Tel. MUST END SEPTEMBER 17

VAUDEVILLE. CC. 836 9988. Opens Sept. 21 at 7. Subs. 8. Book Now. Dinah Sheridan, Dulcie Gray, Eleanor Summerfield, James Grout. A MURDER IS ANNOUNCED by AGATHA CHRISTIE

VICTORIA PALACE. CC. 834 1317. Evenings 8. Wed. and Sat. 6 and 8.45. Direct from Las Vegas THE LAS VEGAS FOLLIES '77. A GLITTERING EXOTIC STAGE SPECTACULAR. Last 2 weeks.

WAREHOUSE. Donmar Theatre, Covent Garden. 836 6808. ROYAL SHAKESPEARE COMPANY. Ton't. Tomor. 8.00. Howard Barker's THAT GOOD BETWEEN US (not suitable for children). "Thrilling spectacle" Times. All seats £1.50. Advance bkgs. Aldwych. Th. Seats day of perf. Aldwych until 1.00 then Warehouse. Students £1 day of pf. from Warehouse.

WESTMINSTER. 834 0283. Evs. 8. Sats. 5.30 and 8.15. Mats. Wed. 3. BARBARA MULLEN, JOYCE HERON, JULIAN HOLLOWAY. ARSENIC AND OLD LACE. Classic comedy thriller for all the family. London's funniest revival.

WHITEHALL. CC. 01-930 6692-7765. Mon.-Fri. Eves. 8.15. Sat. 7.0 and 9.0. FIONA RICHMOND "Incredible acting talent" E. Std. "DIVINE a performance of outrageous splendour." DT. *IN THE* OUTRAGEOUS COMEDY WOMEN BEHIND BARS with SWEET WILLIAM "upstaging everything in sight." FT. and HIGH POWER CAST. Should have Mary Whitehouse rushing to the barricades to protect the purity of the nation.

WINDMILL THEATRE. CC. 437 6312. Twice nightly at 8.00 and 10.00. PAUL RAYMOND presents RIP OFF. THE EROTIC EXPERIENCE OF THE MODERN ERA. "Takes to unprecedented limits what is permissible on our stage." Evg. News. You may smoke and drink in the Auditorium.

WYNDHAM'S. 836 3028. Mon.-Fri. 8.0. Sat. 5.15 and 8.30. Matinees Wed. 3.0. Maggie Fitzgibbon, Gay Soper, David Firth and Robin Ray in the "BRILLIANT MUSICAL ENTERTAINMENT." People. SIDE BY SIDE BY SONDHEIM. "GO TWICE." S. Morley, Punch. "GO THREE TIMES." S. Barnes, NYT.

CINEMAS

ABC 1 & 2 SHAFTESBURY AVE. 836 8861. Sep. Perfs. ALL SEATS BKBLE. 1. ORCA . . . KILLER WHALE (A). Wk. & Sun. 2.00, 5.15, 8.15 (last day). 2. BLACK SUNDAY (AA). Wk. & Sun. 2.00, 5.00, 8.00.

CAMDEN PLAZA, Camden High St., NW1 (opp. Camden Town Tube). 485 2443. Alain Tanner's THE MIDDLE OF THE WORLD (X). Progs. 4.15, 6.30, 8.50. Ends to-day.

CURZON. Curzon Street, W.1. 499 3737. Fully Air-Conditioned Comfort. ROBERT ALTMAN'S 3 WOMEN (AA). Showing at 1.50 (not Sun.) 4.00, 6.15 and 8.40.

PRINCE CHARLES. Leic. Sq. 437 8181. Fellini's CASANOVA (X). Sep. Perfs. Dly. (inc. Sun.) 1.30, 5.00, 8.30. Late Show Fri. and Sat. 1.45. Seats bkble (except 1.30 perf.) Box Office Dly. 10-8, Sun. 2.30-8. Lic'd Bar

ODEON. Leicester Square (930 6111). ROGER MOORE as JAMES BOND 007 THE SPY WHO LOVED ME (A). Sep. perfs. 1.40, 4.50, 8.05. All seats bkble by post or at the Box Office.

ODEON. MARBLE ARCH. (723 2011-2). A BRIDGE TOO FAR (A). Sep. progs. Wk. 3.00, 7.45

LEICESTER SQUARE THEATRE. 930 5252. A BRIDGE TOO FAR (A). Sep. progs. Wk. 3.00, 7.45.

SCENE 1 & 4. Leic. Sq. (Wardour St.). 439 4470.

SCENE 1: THE STREETWALKER (X). Progs. 1.20, 3.25, 5.25, 7.30, 9.30. Late Show Fri. and Sat. 11.35.

SCENE 4. The Original EMMANUELLE *(X). Progs. 1.05, 3.40, 6.15, 8.50. Late* Show Fri. and Sat. 11.25.

STUDIO 1. Oxford Circus. 437 3300. THE MESSAGE (A). Arabic Version. Sep. Perfs. Seats Bkble. 12.00, 3.45, 7.30. Sun. 3.45, 7.30.

STUDIO 2. Oxford Circus. 437 3300. THE MESSAGE (A). English Version. Sep. Perfs. Seats Bkble. 12.30, 4.15, 8.00. *Sun. 4.15, 8.00.*

ART GALLERIES

UNITED SOCIETY OF ARTISTS Ann. Exhbn. The Mall Galleries, The Mall, S.W.1. Mon.-Fri. 10-5. Sats. 10-1. Also 11th Sept. 10-5. Adm. 20p. Until 15th Sept.

THE MALL GALLERIES. The Mall, S.W.1. Paintings, Drawings and Prints by BERYL MAILE. Mon.-Fri. 10-5. Sats. 10-1. Until 15 Sept. Adm. Free.

THACKERAY GALLERY. 18 Thackeray St., Kensington Sq., W.8. 01-937 5883. SUMMER EXHIBITION Part II. Until 24 Sept.

SLOANE STREET GALLERIES. 158 Sloane St., W.1. Modern paintings, sculpture and graphics by interesting internat. and artists. Wide range of prices. Tues.-Fri. 10.00-5.30. Sats. 10-1.

CLUBS

EVE. 189 Regent Street. 734 0557. A la *Carte or All-in Menu. Three Spectacular* Floor Shows. 10.45, 12.45, 1.45 and music of Johnny Hawkesworth & Friends

INTERNATIONAL FINANCIAL AND COMPANY NEWS

GERMAN DOMESTIC BONDS

Another 6% coupon in the wings

BY JEFFREY BROWN

A NEW issue by the Federal Republic is expected shortly in the Frankfurt domestic bond market. The funding will probably take place after next Monday's meeting of the Bundesbank federal loan consortium, and the offering is expected to raise at least DM800m.

The issue comes during a very quiet period for bond markets. Following the Bundesbank's recent monetary measures, dealing volume in domestic bonds has dropped to little more than a quarter of the levels seen in the middle of last month.

Two weeks ago the German authorities acted to ease the day-to-day money market over the impending company tax paying season with an injection of additional liquidity: the banking sector's minimum reserve requirement was cut by a tenth and its rediscount quotas were raised.

In the wake of these measures, bond market activity has faded away. Some dealers suggest that daily turnover is down to less than DM50m. compared with the level of between DM150m. and DM200m. experienced through most of August when the market was anticipating and digesting the latest Federal loan's predecessor.

This offering—DM800m. of 10-year money—took coupons in Frankfurt down to 6 per cent. for the first time in some eight years, and it meant that bond yields had fallen by something like a third since the beginning of the year to their lowest levels since 1964. So some sort of pause for breath, which with no major selling pressure is what bond markets appear to be going through at present, is not out of context.

The present financial climate is, however, prompting dealers to question the future trend of longer term interest rates. The impending Federal loan will almost certainly carry a 6 per cent. coupon and be priced at around 99½ in line with the most recent Government issue, but in the immediate background lies the prospect of a national budget, which is earmarked for the middle of September and expected to be modestly reflationary.

If it contains tax cuts and depreciation allowances—both of which measures are firmly expected in some quarters—the pending German budget could necessitate heavier Government borrowing in 1978—a move that would partly reverse the low demand for funds that has helped keep yields falling since late 1974 when a peak 11 per cent. was reached.

At the same time the stabilisation of the U.S. dollar has dampened what until recently was a massive, pent-up demand for DM assets from outside Germany. So the external pressures causing the Bundesbank to make its currency less attractive (by forcing down interest rates) have diminished.

Internally, one of the more prominent pressures on the bond market is inflation, which in August was running at a year on year rate of 3.9 per cent. Net of individual tax, the yield to the investor on, say, five or six year bonds is now very modest in real terms. The individual will have little incentive to buy if bond yields fall much further.

Meantime, the Bundesbank is still attempting to solve the problem of the unusually narrow differential between day to day market rates and bond market rates. By the latter part of September the latest quarterly tax paying season will be out of the way, allowing a resurgence of bank liquidity to depress short term money rates naturally.

But some observers are still betting on a further reduction in the Lombard rate. This was cut from 4½ per cent. to 4 per cent. in August and it could move lower still — possibly following tomorrow's bi-weekly Bundesbank meeting.

* * *

THE 9½ year Belgian state loan, issued at 100.25 per cent. and carrying a coupon of 9¼ per cent. raised a record B.Frs.61.5bn. Subscriptions closed yesterday on the first day of issue, reports Reuter from Brussels. The state banking consortium took up B.Frs.50bn. and the remainder was covered by public subscription. Funds will be used to help cover the Government's budget deficit.

The previous state loan issued in June, a 9½ per cent. seven year issue at 99.75 per cent., raised B.Frs.50.5bn. The previous record funding was the B.Frs. 56bn. raised by the Government last January.

Esselte fears effects of Krona devaluation

BY WILLIAM DULLFORCE

STOCKHOLM, Sept. 6.

RESULTS FOR the first quarter to June 30 for Esselte show that the expanding Swedish office equipment, packaging and printing group was on target for a 10 per cent. growth in turnover to Kr.2.4bn. (£285m.) and earnings of over Kr.150m. in the 1977/78 financial year. But in an address to the annual general meeting last week, Mr. Sven Wallgren, the managing director, had reservations about the effect of the 10 per cent. devaluation of the Krona, and promised to come up with a new forecast in the half-year report in November.

After the expansion of the last two years, which has involved the acquisition of several foreign companies mostly in the U.S. and sales are now effected abroad. The Swedish operations, however, export little and depend heavily on imported materials, whose costs will now increase. Mr. Wallgren is also concerned about the possibilities of a prolonged price freeze in Sweden and of increased wage demands from the unions to compensate for the effect of the devaluation.

The first quarter result was already affected by a Kr.6m. exchange loss resulting from the 6 per cent. depreciation of the Krona within the European currency "snake" in April. Pre-tax earnings were Kr.39m. against Kr.41m., with sales increasing by Kr.34m. to Kr.548m. Mr. Wallgren emphasises that for seasonal reasons the first quarter cannot be taken as typical of the annual performance. The figures were in fact slightly better than anticipated.

Esselte re-organised its share structure earlier this year, issuing a new "B" share series, carrying one vote, against five votes for the "A" shares, in order to open the way for the sale of shares on foreign markets. Mr. Wallgren states that Esselte now has the potential to issue shares abroad up to a market value of Kr.350m., but has no immediate plan to do so.

The group's Swedish operations are estimated to have a "surplus liquidity" of Kr.200-250m. and to be generating more. Mr. Wallgren intends to use part of this during 1978-86 to amortise foreign debts and enlarge the borrowing capacity of the group's expanding foreign operations.

The rest, he suggested to the annual general meeting, should be used to buy trading, leasing, factoring or credit card concerns and for investment in property and shares.

Recovery towards profit at MEA

BEIRUT, Se[pt.]

LEBANON'S Middle E[ast Air]lines (MEA), began th[e year] expecting to make a [...] some $8m., but looks lik[e] ing the year with a [...] profit instead, reports R[euter]. The company's gloo[my pre]dictions seemed to be [...] true when the first few [...] of the year saw losses [...] to Lebanese £20m. ($6.5[m.]).

But MEA's end of [...] report showed that result[s for] the first eight month[s] whole cancelled out the [...] ted loss, and indicated th[e] overall profit of betwee[n ...] and £20m. ($5m. and [...]) should be generated by th[e end] of the year, according t[o the] Beirut Daily Al Anwar.

The encouraging res[ult is] attributed partly to the [com]pany's loss cutting action [...] this year in leasing thre[e] Jumbos to Saudi Arab[ia] and Gabon, but also [a] general pickup in MEA's [opera]tions. On average, 5[...] cent. of seats on MEA [...] are currently estimated [...] occupied.

MEA suffered losses [esti]mated at tens of millio[ns of] dollars as the result [of the] closure of Beirut Intern[ational] Airport during much of [the] month Lebanese war, a[nd ...] its losses as far as possib[le by] shifting operations to [...] the country.

Fluor Corp. prog[ress]

FLUOR CORP. earnings [for] the fiscal third quarter [to] July 31 were "better [than] the $1.07 a share in the s[econd] quarter, chairman and [presi]dent J. Robert Fluor sa[id in] an interview, reports [...] from Los Angeles.

Singapore hotel fetches £9m.

BY H. K. LEE

SINGAPORE, Sept. 6.

SINGAPORE'S third largest hotel, the 560-room Hotel Oberoi Imperial has finally been sold for S$37.5m.—almost £9m.—to Hong Kong investors—more than two years since it was first offered for sale.

The sale of the hotel to the Hind Group of Hong Kong was announced by Mr. Douglas Beaton of Turquand Youngs and Company, the receiver of Imperial Securities International (ISI).

The hotel is the main asset of ISI which was put into receivership in September 1975 by the Commonwealth Development Finance Corporation (CDFC) of the U.K. This followed ISI's failure to meet CDFC's demand for notice for the repayment of a loan and contingent liabilities amounting to some S$11m.

The hotel was originally advertised for sale in major newspapers throughout the world for S$35m. None of the bids came close to the asking price.

It was only at the beginning of last month that closed bids were called when it became apparent that the asking price of S$35m. was acceptable to some parties.

The Hind Group's bid was one of the two submitted for the final closed tender sale of the hotel and is believed to be some S$2.5m. higher than that submitted by the All Nippon Airways Group.

The sale price of S$37.5m. is S$6.5m. higher than the net realisable value placed on it by the receiver.

Shareholders of ISI, however, will not get anything out of the sale. This was indicated by Mr. Beaton. This is because the company has a large number of creditors and it is unlikely that they will be paid in full.

LNC Inds. earns and pays more

By James Forth

SYDNEY, Sept. 6.

LNC Industries, the leading motor vehicle dealer and distributor, has again increased its dividend, following a 54 per cent. jump in profit, from $A5.4m. to a record $A8.37m. The dividend is raised from 12.5 cents a share to 14.5 cents and is amply covered by earnings, which rose from 40.8 cents a share to 43.6 cents.

The directors said that significant contributions to the results were the increased diversity of operations, a strict control of costs and a planned programme of integration for the recently acquired Bennett and Wood companies, which contributed $A1.9m. for the 11 months since acquisition, compared with a profit of $A1.2m. for 1975-76.

The Board added that results would have been better but for Government policy changes relating to the motor industry, foreign exchange fluctuations and the three month prices freeze, the depressed state of the Australian manufacturing and processing industries, especially in New South Wales and the retrospective increase in the company tax rate, from 42.5 per cent. to 46 per cent.

Referring to the current year, the directors said the re-introduction of import quotas for passenger vehicles might affect turnover.

W. German Ford sales up 6%

BY ADRIAN DICKS

BONN, Sept. 6.

DURING THE FIRST six months of 1977, West German Ford sales rose by 6 per cent. Herr Peter Weiher, the chairman, said that this figure would have been higher but for the very high share (25 per cent.) of production exported. The West German company is expecting sales of DM10bn. this year.

Herr Weiher predicted that total new registrations would top the 2.45m. mark in West Germany this year, compared with 2.27m. last year. In 1978, however, he said there was likely to be some slowdown, although there could be no talk of "dark clouds on the horizon" for the industry.

Ford will aim at putting on the market by 1980 a range of models using 20 per cent. less petrol, and achieving savings of 25 per cent. by 1985, Herr Weiher said. The company is also working already on a range of engines that could run on coal dust, as well as on improved batteries.

Allianz Leben upsurge

ALLIANZ Lebensversicherungs-AG, West Germany's leading life insurers, to-day reported a hefty increase in new business during the first half of 1977, reports Guy Hawtin. It rose by 13.7 per cent. to DM4.39bn. (£1.08bn.) compared with DM3.68bn. in the same period of last year.

The concern, jointly owned by Allianz Versicherungs-AG and Muenchener Rueckversicherungs-Gesellschaft, stated that a large part of the rise was attributable to an increase in premium tariffs.

However, the concern's new business in the corporate sector showed, during the first six months, a growth rate running at 50 per cent. above average, although many employers were still resisting the upgrading of pension schemes.

Funds controlled by the concern amounted to DM67.4bn. (£16.64bn.) at the end of the first half, compared with DM62bn. at the comparable point in 1976. There had been a drop back in policy cancellations, but Allianz Leben said that as far as could be seen the unemployment rate had had no overall influence in the development of its business.

Tel Aviv Exchange

BY L. DANIEL

TEL AVIV, Sept. 6.

COMMERCIAL BANKS and bank-holding companies account for nearly 53 per cent. of the total market capitalisation of the Tel Aviv Stock Exchange and, together with mortgage banks and specialised financial institutions, for two-thirds. This is revealed by a special study published here to-day by International Consultants Ltd.

Industrial companies account for only 10 per cent., though it must be remembered that a significant proportion of the portfolios of investment companies is in industry.

The largest market capitalisation—apart from that of the three leading banks, Bank Leumi, Bank Hapoalim and Israel Discount Bank—is that of CLAL, an investment company with large industrial holdings and a market capitalisation equivalent to $112m.

Biggest in the industrial field are Frutarom Chemical Industries $34m., Teva Pharmaceuticals with $33.5m. and Elite (coffee, sweets) with $30m. Delek Israel Company also has a market capitalisation of some $35m.

These figures are based on quotations as of end August. Overall market capitalisation on the Tel Aviv stock exchange rose from the equivalent of $1bn. at end 1976 to $2.4bn. at end August this year.

SELECTED EURODOLLAR BOND PRI[CES]
MID-DAY INDICATIONS

	Bid	Offer
STRAIGHTS		
Alcan Australia 9½pc 1989	101	101½
AMEV 8pc 1987	98½	99½
Australia 8½pc 1992	98½	100
Australian M. & S. 9½pc '92	101½	103
Barclays Bank 8½pc 1992	100¾	101½
Bowater 9½pc 1992	103½	104½
Can. N. Railway 8¾pc 1986	101½	102
Credit National 8¾pc 1986	100	100½
Denmark 8½pc 1984	102½	103
ECS 9pc 1993	103	103½
EIB 8½pc 1992	101½	102½
EMI 9½pc 1989	101½	102½
Ericsson 8½pc 1989	100¾	101½
Esso 8pc 1986 Nov.	104½	105
Gt. Lakes Paper 8½pc 1984	101	101½
Hamersley 9½pc 1992	102½	103
Hydro-Quebec 9pc 1992	100¾	101½
ICI 8½pc 1987	100¾	101½
ISE Canada 9½pc 1986	105	105½
Macmillan Bloedel 9pc 1992	101½	102½
Massey Ferguson 9½pc 1991	104½	105
Michelin 9½pc 1988	103½	104½
Midland Int. Fin. 8½pc 1992	101½	102
Natnl. Coal Board 8pc 1987	98	98½
Natnl. Westminster 9pc '86	103½	104
Newfoundland 9pc 1989	102½	103½
Norges Kom. Bk. 8½pc 1992	100½	101½
Norpipe 8½pc 1989	100½	101½
Norsk Hydro 8½pc 1992	100½	101½
Oslo 9pc 1988	102½	102½
Ports Autonomes 9pc 1991	101	101½
Prov. Quebec 9pc 1993	[illegible]	[illegible]
Prov. Saskat. 8½pc 1986	[illegible]	[illegible]
Reed Inter. 9pc 1987	[illegible]	[illegible]
RHM 9pc 1992	[illegible]	[illegible]
Selection Trust 8½pc 1989	[illegible]	[illegible]
Skand. Enskilda 9pc 1991	[illegible]	[illegible]
SKF 8pc 1987	[illegible]	[illegible]
Sweden (K'dom) 8½pc 1987	[illegible]	[illegible]
United Biscuits 9pc 1989	[illegible]	[illegible]
Volvo 8pc 1987 March	[illegible]	[illegible]
NOTES		
Australia 7½pc 1984	[illegible]	[illegible]
Bell Canada 7¾pc 1987	[illegible]	[illegible]
Br. Columbia Hyd. 7¾pc '85	[illegible]	[illegible]
Can. Pac. 8pc 1984	[illegible]	[illegible]
Dow Chemical 8pc 1986	[illegible]	[illegible]
ECS 7¾pc 1982	[illegible]	[illegible]
EEC 7¾pc 1982	[illegible]	[illegible]
EEC 7¾pc 1984	[illegible]	[illegible]
Enso Gutzeit 8½pc 1984	[illegible]	[illegible]
Gotaverken 7¾pc 1982	[illegible]	[illegible]
Kockums 8pc 1983	[illegible]	[illegible]
Michelin 8½pc 1983	[illegible]	[illegible]
Montreal Urban 8½pc 1981	[illegible]	[illegible]
National Coal Bd. 8pc 1987	[illegible]	[illegible]
New Brunswick 8pc 1984	[illegible]	[illegible]
New Bruns. Prov. 8¼pc '83	[illegible]	[illegible]
New Zealand 8¼pc 1986	[illegible]	[illegible]
Nordic Inv. Bank 7¾pc 1984	[illegible]	[illegible]
Norsk Hydro 7¾pc 1982	[illegible]	[illegible]
Norway 7¾pc 1982	[illegible]	[illegible]
Ontario Hydro 8pc 1987	[illegible]	[illegible]
Singer 8¼pc 1982	[illegible]	[illegible]
S. of Scot. Elec. 8¼pc '81	[illegible]	[illegible]
Sweden (K'dom) 7¾pc 1982	[illegible]	[illegible]
Swedish State Co. 7¾pc '82	[illegible]	[illegible]
Telmex 9½pc 1984	[illegible]	[illegible]
Tenneco 7¾pc 1987 May	99½	99¾
Volkswagen 7¾pc 1987	99½	100½
D-MARK BONDS		
Austria 6½pc 1985	103½	104½
BFCE 7pc 1987	102¾	103½
Denmark 6½pc 1983	102½	103½
EIB 6½pc 1984	103½	104½
Grand Met. 7pc 1984	100	100½

	Bid
Hydro-Quebec 6½pc 1987	98½
ICI 6½pc 1987	103½
Montreal 7pc 1987	101
Norsea Gas 7pc 1989	100½
Norsk Hydro 6½pc 1989	102½
Norway 5½pc 1983	100½
Shell 6½pc 1989	105
Spain 6½pc 1984	99½
Sweden 6½pc 1984	102½
World Bank 6½pc 1987	101
FLOATING RATE NOTES	
Bank of Tokyo 1989 8pc	102
BFCE 1984 7pc	98½
BNP 1983 6½pc	98½
CCF 1983 7pc	100½
CGMP 1984 6$\frac{13}{16}$pc	97½
Creditanstalt 1984 6½pc	97½
Credit Lyonnais 1982 6½pc	99½
DG Bank 1982 6½pc	99½
GZB 1981 7½pc	100½
Intl. Westminster 1984 6pc	98½
Lloyds 1983 7½pc	100½
LTCB 1982 6½pc	98½
Midland 1982 8pc	102½
Midland 1987 6$\frac{9}{16}$pc	97½
OKB 1983 6½pc	99½
SNCF 1985 6½pc	97½
Stndd. and Chrtrd. '84 6½pc	96½
Wms. and Glyns 1984 6½pc	99½

Source: White Weld Securities

CONVERTIBLES

American Express 4¼pc '87	[illegible]
Ashland 5pc 1988	[illegible]
Beatrice Foods 4½pc 1992	[illegible]
Beatrice Foods 4½pc 1992	[illegible]
Borden 5pc 1992	[illegible]
Broadway Hale 4½pc 1987	[illegible]
Carnation 4pc 1988	[illegible]
Chevron 5pc 1988	[illegible]
Dart 4¾pc 1987	[illegible]
Eastman Kodak 4½pc 1988	[illegible]
Economic Labs. 4½pc 1987	[illegible]
Firestone 5pc 1988	[illegible]
Ford 5pc 1988	[illegible]
General Electric 4¼pc 1987	[illegible]
Gillette 4¾pc 1987	[illegible]
Gould 5pc 1987	[illegible]
Gulf and Western 5pc 1988	[illegible]
Harris 5pc 1992	[illegible]
Honeywell 6pc 1986	[illegible]
ICI 6¾pc 1992	[illegible]
INA 6pc 1997	[illegible]
Inchcape 6¾pc 1992	[illegible]
ITT 4½pc 1987	[illegible]
Jusco 6pc 1992	[illegible]
Komatsu 7½pc 1990	[illegible]
J. Ray McDermott 4¾pc '87	[illegible]
Matsushita 6½pc 1990	[illegible]
Mitsui 7¼pc 1990	[illegible]
J. P. Morgan 4¾pc 1987	[illegible]
Nabisco 5½pc 1988	[illegible]
Owens Illinois 4½pc 1987	[illegible]
J. C. Penney 4½pc 1987	[illegible]
Revlon 4¾pc 1987	[illegible]
Reynolds Metals 5pc 1988	[illegible]
Sperry Rand 4¾pc 1987	[illegible]
Squibb 4¾pc 1987	79
Texaco 4¾pc 1988	84
Toshiba 6½pc 1992	115½
Union Bank Swiss 4½pc 1987	[illegible]
Union Carbide 4½pc 1982	96½
Warner Lambert 4½pc 1987	88
Warner Lambert 4½pc 1988	80
Xerox 5pc 1988	83½

Source: Kidder, Peabody Securities

ERAP OIL

New man at the helm

BY DAVID CURRY IN PARIS

THE REPLACEMENT of M. PIERRE GUILLAUMAT as head of the State-owned Erap Oil group by M. Albin Chalandon is interesting for three reasons.

In the first place, it marks the promotion of a man whose experience has been in business and politics rather than in the Civil Service. In the second, it brings to the head of Erap and shortly to the presidency of its 70 per cent.-owned operating group, Elf-Aquitaine, a man whose professional training has been more in finance than in engineering. Finally, both men illustrate the phenomenon so common in France whereby graduates of the elite schools, whether technical, financial or administrative, are able to glide easily between the worlds of business, the Civil Service and politics.

M. Chalandon is a Gaullist baron with strong connections to the left. The war saw this offspring of an old Lyon family commanding some 500 Resistance fighters and taking part in the liberation of Paris. He then went into politics at the top.

In 1946, equipped with the magic qualification of Inspecteur des Finances, which in status is rather like a Fellow of All Souls having a degree from the Harvard Business School, he was called at the tender age of 26 to work in the private office of Leon Blum, President of the provisional Government. From there, he went to the Finance Ministry.

By 1947 he had committed himself to the Gaullist movement and became its main policy formulator in the field of employment at the professions. At this time he moved into business with a banking group still with only 32 years on the clock, entering the private sector as the managing director of the Banque Commerciale de Paris, a bank which would become one of the main financial props of the Dassault Aerospace group.

He multiplied his business activities in the 1950s and emerged as one of the pillars of the "Gaullist Party in exile" along with such men as Michel Debre, subsequently Prime Minister and now keeper of the Gaullist tablets, and the philosopher, Raymond Aren, who is still the main intellectual voice of the Right in France.

By 1958 M. Chalandon was a member of the Gaullist central committee. He became treasurer of the movement and with the General back from exile and President of the Republic, he reached the highest point of his party career, as General Secretary of the movement.

That job lasted less than a year. And following a "de-Chalandonisation" of the movement, he switched his emphasis back to business while remaining prominent in the para-political world of planning and economic and social consultation.

He made his direct entry into politics as a Gaullist MP in 1967 and became Minister of Industry the following year. Albin Chalandon held successively the Industry, Supply and Housing portfolios over four years devoting himself to trying to bring back private capital and limit public initiative where possible in fields like housing and motorway construction.

Eighteen months ago, M. Chalandon's new job was already foreshadowed when President Giscard d'Estaing charged him with a special mission, studying the country's oil supplies and he left Parliament to take up this responsibility.

One might almost say of M. Pierre Guillaumat who has now retired at the age of 68, that he was born with oil in his veins. A polytechnician he has always claimed no particular aptitude for politics and emphasised his engineering background.

But for a man who for 33 years has been at the centre of energy policy-making, he is hardly being fair to himself. An official does not find himself Director of Carburants at the Industry Ministry, a senior Atomic Energy Commission policy-maker during the formative years of nuclear planning, head of the State-owned electricity utility and president of a whole clutch of State-inspired oil enterprises without a certain ability to learn to live with politicians.

Convinced that part of France's inter-war weakness stemmed from her failure to control her energy supply, this son of an Army general directed the Bureau de Recherches du Petrole in a campaign to discover and produce oil in the Francophone world. And, in the early 1960s he extended this activity into refining and distribution.

The merger of Erap with Aquitaine produced a group with Frs.36bn. in turnover, Frs.9bn. of investment in 1976, 20m. tonnes of oil from relatively diverse sources and 10bn. cubic metres of gas a year. Add to that a fleet of 36 tankers, 44m. tonnes a year of refining capacity (a sector which is in severe difficulty at the moment), some 13,000 service stations in Europe and a payroll of 40,000 and some idea emerges of the inheritance into which M. Chalandon is stepping.

Pierre Guillaumat has not been without his critics. He urged the run-down of coal and thought for a long time that oil would remain a cheap source of energy. He has also, much to his chagrin, been accused of adopting some of the monopolistic practices with which he has repeatedly chided the Americans. France is still heavily dependent on foreign companies to supply her with oil and the group itself clearly will take some years to knock into efficient and harmonious shape.

But his reputation rests on his role as an innovator and as an explorer—Elf-Aquitaine has just signed up to lead the exploration for oil off Vietnam—and if he is being succeeded by a man from a very different stable, at least M. Chalandon, when he starts work, will live in an atmosphere highly charged with Pierre Guillaumat spirit.

New Issue — All these securities having been sold, this announcement appears as a matter of record only. — May 1977

United Biscuits (UK) Limited

(Incorporated in Scotland with limited liability under the Companies Act, 1948)

U.S. $30,000,000 9 per cent. Bonds due 1989

Guaranteed by United Biscuits (Holdings) Limited

(Incorporated in Scotland with limited liability under the Companies Acts, 1929 and 1947)

Morgan Grenfell & Co. Limited

Kredietbank S.A. Luxembourgeoise

Swiss Bank Corporation (Overseas) Limited

lgemene Bank Nederland N.V.
. E. Ames & Co. Limited
mex Bank Limited
msterdam-Rotterdam Bank N.V.
he Arab and Morgan Grenfell Finance Company Limited
stair e & Co. Limited
anca Commerciale Italiana
anca del Gottardo
anca della Svizzera Italiana
anca Nazionale del Lavoro
anco di Roma per la Svizzera
ank Julius Baer International Limited
ank Gutzwiller, Kurz, Bungener (Overseas) Limited
ank Mees & Hope NV
ankers Trust International Limited
anque Arabe et Internationale d'Investissement (B.A.I.I.)
anque Belge pour l'Industrie S.A.
anque Bruxelles Lambert S.A.
anque de l'Indochine et de Suez
anque de l'Union Européenne
anque de Neuflize, Schlumberger, Mallet
anque de Paris et des Pays-Bas
anque du Benelux
anque Française du Commerce Extérieur
anque Générale du Luxembourg S.A.
anque Internationale à Luxembourg S.A.
anque Nationale de Paris
anque Ormond, Burrus & Cie. S.A.
anque Populaire Suisse SA Luxembourg
anque Worms
arclays Bank International Limited
aring Brothers & Co., Limited
ayerische Hypotheken-und Wechsel-Bank
ayerische Vereinsbank
erliner Handels-und Frankfurter Bank
azenove & Co.
Centrale Rabobank
Citicorp International Group
Commerzbank Aktiengesellschaft
County Bank Limited
Creditanstalt-Bankverein
Crédit Commercial de France
Crédit Général, S.A. de Banque
Crédit Industriel et Commercial
Crédit Lyonnais
Credit Suisse White Weld Limited
Daiwa Europe N.V.
Den Danske Bank af 1871 Aktieselskab
Deutsche Bank Aktiengesellschaft
DG BANK
– Deutsche Genossenschaftsbank –
Dewaay & Associés International S.C.S.
Dominion Securities Limited
Dresdner Bank Aktiengesellschaft
Euromobiliare S.p.A. Compagnia Europea Intermobiliare
European Banking Company Limited
Euroseas Securities Limited
Finacor
First Boston (Europe) Limited
First Chicago Limited
Robert Fleming & Co. Limited
Antony Gibbs Holdings Ltd.
Girozentrale und Bank Der Österreichischen Sparkassen Aktiengesellschaft
Goldman Sachs International Corp.
Hambros Bank Limited
Handelsbank N.W. (Overseas) Limited
Hill Samuel & Co. Limited
Kidder, Peabody International Limited
Kjøbenhavns Handelsbank
Kleinwort, Benson Limited
Kredietbank N.V.
Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.)
Kuwait International Investment Co. S.A.K.
Lazard Brothers & Co., Limited
Lloyds Bank International Limited
Loeb Rhoades International Limited
London Multinational Bank (Underwriters) Limited
Manufacturers Hanover Limited
Merrill Lynch International & Co.
Samuel Montagu & Co. Limited
Morgan Stanley International
Nederlandsche Middenstandsbank N.V.
The Nikko Securities Co., (Europe) Ltd.
Nomura Europe N.V.
Nordfinanz-Bank Zuerich
Grion Bank Limited
Österreichische Länderbank
Pierson, Heldring & Pierson N.V.
Postipankki
PKbanken
N.M. Rothschild & Sons Limited
Rowe & Pitman, Hurst-Brown
Salomon Brothers International Limited
Schoeller & Co.
J. Henry Schroder Wagg & Co. Limited
Singer & Friedländer Limited
Skandinaviska Enskilda Banken
Smith Barney, Harris Upham & Co. Incorporated
Società Finanziaria Assicurativa (SOFIAS) RAS Group
Société Bancaire Barclays (Suisse) S.A.
Société Générale
Société Générale de Banque
Strauss, Turnbull & Co.
Tokai Kyowa Morgan Grenfell Limited
Trade Development Bank Overseas Inc.
Union Bank of Switzerland (Securities) Limited
Union de Banques Arabes et Françaises—U.B.A.F.
Vereins-und Westbank Aktiengesellschaft
J. Vontobel & Co.
S. G. Warburg & Co. Ltd.
Wardley Limited
Westdeutsche Landesbank Girozentrale
Williams, Glyn & Co.
Dean Witter International
Wood Gundy Limited
Yamaichi International (Europe) Limited

New Issue — All these securities having been sold, this announcement appears as a matter of record only. — July 1977

هكذا من الأصل

SELECTION TRUST LIMITED

(Incorporated in England with limited liability)

U.S. $50,000,000 8¾ per cent. Bonds 1989

Morgan Grenfell & Co. Limited

Citicorp International Group

Kredietbank S.A. Luxembourgeoise

Swiss Bank Corporation (Overseas) Limited

Alahli Bank of Kuwait (K.S.C.)
Algemene Bank Nederland N.V.
A. E. Ames & Co. Limited
Amex Bank Limited
Amsterdam-Rotterdam Bank N.V.
Arab Financial Consultants Company S.A.K.
The Arab and Morgan Grenfell Finance Company Limited
Astaire & Co. Limited
Banca Commerciale Italiana
Banca del Gottardo
Banca della Svizzera Italiana
Banca Nazionale del Lavoro
Banco di Roma per la Svizzera
Bank of America International
Bank Julius Baer International Limited
Bank Gutzwiller, Kurz, Bungener (Overseas) Limited
Bank Mees & Hope NV
Bankers Trust International Limited
Banque Arabe et Internationale d'Investissement (B.A.I.I.)
Banque Belge pour l'Industrie S.A.
Banque Bruxelles Lambert S.A.
Banque de l'Indochine et de Suez
Banque de l'Union Européenne
Banque de Neuflize, Schlumberger, Mallet
Banque de Paris et des Pays-Bas
Banque du Bénélux
Banque Française du Commerce Extérieur
Banque Générale du Luxembourg S.A.
Banque Internationale à Luxembourg S.A.
Banque Nationale de Paris
Banque Ormond, Burrus & Cie. S.A.
Banque Populaire Suisse SA Luxembourg
Banque Worms
Barclays Bank International Limited
Baring Brothers & Co., Limited
Bayerische Hypotheken-und Wechsel-Bank
Bayerische Vereinsbank
Berliner Handels-und Frankfurter Bank
Blyth Eastman Dillon & Co. International Limited
Cazenove & Co.
Commerzbank Aktiengesellschaft
Compagnie Monégasque de Banque
County Bank Limited
Creditanstalt-Bankverein
Crédit Commercial de France
Crédit du Nord
Crédit Général, S.A. de Banque
Crédit Industriel et Commercial
Crédit Lyonnais
Credit Suisse White Weld Limited
Daiwa Europe N.V.
Den Danske Bank af 1871 Aktieselskab
Deutsche Bank Aktiengesellschaft
DG BANK
– Deutsche Genossenschaftsbank –
Dewaay & Associés International S.C.S.
Dillon, Read Overseas Corporation
Dominion Securities Limited
Dresdner Bank Aktiengesellschaft
Euromobiliare S.p.A. Compagnia Europea Intermobiliare
European Banking Company Limited
Euroseas Securities Limited
Eurotrading Limited
Finacor
First Boston (Europe) Limited
First Chicago Limited
Robert Fleming & Co. Limited
Antony Gibbs Holdings Ltd.
Girozentrale und Bank Der Österreichischen Sparkassen Aktiengesellschaft
Goldman Sachs International Corp.
Groupement des Banquiers Privés Genevois
Hambros Bank Limited
Handelsbank N.W. (Overseas) Limited
Hessische Landesbank-Girozentrale
Hill Samuel & Co. Limited
Istituto Bancario San Paolo di Torino
Jardine Fleming & Company Limited
Kidder, Peabody International Limited
Kjøbenhavns Handelsbank
Kleinwort, Benson Limited
Kredietbank N.V.
Kredietbank (Suisse) S.A. Geneva
Kuhn, Loeb & Co. International
Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.)
Kuwait International Finance Co. S.A.K. KIFCO
Kuwait International Investment Co. S.A.K.
Kuwait Investment Company (S.A.K.)
Lazard Brothers & Co., Limited
Lehman Brothers International Limited
Lloyds Bank International Limited
Loeb Rhoades International Limited
London Multinational Bank (Underwriters) Limited
Manufacturers Hanover Limited
Merrill Lynch International & Co.
Samuel Montagu & Co. Limited
Morgan Stanley International
Nederlandsche Middenstandsbank N.V.
Nesbitt, Thomson Limited
The Nikko Securities Co., (Europe) Ltd.
Nomura Europe N.V.
Nordfinanz-Bank Zuerich
Sal. Oppenheim jr. & Cie.
Orion Bank Limited
Österreichische Länderbank
Peterbroeck, van Campenhout, Kempen S.A.
Pierson, Heldring & Pierson N.V.
Postipankki
Privatbanken Aktieselskab
N.M. Rothschild & Sons Limited
Rothschild Bank AG
Richardson Securities of Canada
Rowe & Pitman, Hurst-Brown
Salomon Brothers International Limited
Scandinavian Bank Limited
J. Henry Schroder Wagg & Co. Limited
Singer & Friedlander Limited
Skandinaviska Enskilda Banken
Smith Barney, Harris Upham & Co. Incorporated
Société Financière du Leman S.A. (RAS Group)
Société Bancaire Barclays (Suisse) S.A.
Société Générale
Société Générale Alsacienne de Banque
Société Générale de Banque
Strauss, Turnbull & Co.
Sumitomo Finance International
Sun Hung Kai International Limited
Tokai Kyowa Morgan Grenfell Limited
Trade Development Bank Overseas Inc.
Trinkaus & Burkhardt
Union Bank of Switzerland (Securities) Limited
Union de Banques Arabes et Françaises—U.B.A.F.
Vereins-und Westbank Aktiengesellschaft
J. Vontobel & Co.
S. G. Warburg & Co. Ltd.
Wardley Limited
Westdeutsche Landesbank Girozentrale
Dean Witter International
Wood Gundy Limited
Yamaichi International (Europe) Limited

New Issue — All these securities having been sold, this announcement appears as a matter of record only. — August 1977

Fisons International Finance N.V.

(Incorporated as a company with limited liability in The Netherlands)

U.S. $20,000,000 8¾ per cent. Bonds 1992

FISONS

Guaranteed by Fisons Limited

(Incorporated in England with limited liability under the Companies Acts 1862 to 1890)

Morgan Grenfell & Co. Limited

Deutsche Bank Aktiengesellschaft

Union Bank of Switzerland (Securities) Limited

Algemene Bank Nederland N.V.
A. E. Ames & Co. Limited
Amex Bank Limited
Amsterdam-Rotterdam Bank N.V.
The Arab and Morgan Grenfell Finance Company Limited
Astaire & Co. Limited
Banca Commerciale Italiana
Banca del Gottardo
Banca della Svizzera Italiana
Banca Nazionale del Lavoro
Banco di Roma per la Svizzera
Bank Julius Baer International Limited
Bank Mees & Hope NV
Bankers Trust International Limited
Banque Arabe et Internationale d'Investissement (B.A.I.I.)
Banque Belge pour l'Industrie S.A.
Banque Bruxelles Lambert S.A.
Banque de l'Indochine et de Suez
Banque de l'Union Européenne
Banque de Neuflize, Schlumberger, Mallet
Banque de Paris et des Pays-Bas
Banque Française du Commerce Extérieur
Banque Générale du Luxembourg S.A.
Banque Internationale à Luxembourg S.A.
Banque Nationale de Paris
Banque Ormond, Burrus & Cie. S.A.
Banque Populaire Suisse SA Luxembourg
Barclays Bank International Limited
Baring Brothers & Co., Limited
Bayerische Hypotheken- und Wechsel-Bank
Bayerische Landesbank Girozentrale
Bayerische Vereinsbank
Berliner Handels-und Frankfurter Bank
Blyth Eastman Dillon & Co. International Limited
Cazenove & Co.
Chase Manhattan Limited
Citicorp International Group
Commerzbank Aktiengesellschaft
County Bank Limited
Creditanstalt-Bankverein
Crédit Commercial de France
Crédit Industriel d'Alsace et de Lorraine
Crédit Industriel et Commercial
Crédit Lyonnais
Credit Suisse White Weld Limited
Daiwa Europe N.V.
Den Danske Bank af 1871 Aktieselskab
DG BANK
– Deutsche Genossenschaftsbank –
Dewaay & Associés International S.C.S.
Dominion Securities Limited
Dresdner Bank Aktiengesellschaft
Euromobiliare S.p.A. Compagnia Europea Intermobiliare
European Banking Company Limited
Euroseas Securities Limited
Eurotrading Limited
Finacor
First Boston (Europe) Limited
First Chicago Limited
Robert Fleming & Co. Limited
Antony Gibbs Holdings Ltd.
Girozentrale und Bank der Österreichischen Sparkassen Aktiengesellschaft
Goldman Sachs International Corp.
Groupement des Banquiers Privés Genevois
Hambros Bank Limited
Handelsbank N.W. (Overseas) Ltd.
Hill Samuel & Co. Limited
Istituto Bancario San Paolo di Torino
Kidder, Peabody International Limited
Kjøbenhavns Handelsbank
Kleinwort, Benson Limited
Kredietbank N.V.
Kredietbank S.A. Luxembourgeoise
Kuhn, Loeb & Co. International
Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.)
Kuwait International Investment Co. S.A.K.
Kuwait Investment Company (S.A.K.)
Laing & Cruickshank incorporating Powell Popham, Dawes & Co.
Lazard Brothers & Co., Limited
Lazard Frères et Cie
Lehman Brothers International Limited
Lloyds Bank International Limited
Loeb Rhoades International Limited
London Multinational Bank (Underwriters) Limited
Manufacturers Hanover Limited
Merrill Lynch International & Co.
Samuel Montagu & Co. Limited
Morgan Stanley International
Nederlandsche Middenstandsbank N.V.
The Nikko Securities Co., (Europe) Ltd.
Nomura Europe N.V.
Nordfinanz-Bank Zuerich
Orion Bank Limited
Österreichische Länderbank
Pierson, Heldring & Pierson N.V.
PKbanken
Postipankki
Privatbanken Aktieselskab
N. M. Rothschild & Sons Limited
Rothschild Bank AG
Rowe & Pitman, Hurst-Brown
Salomon Brothers International Limited
Scandinavian Bank Limited
J. Henry Schroder Wagg & Co. Limited
Singer & Friedländer Limited
Skandinaviska Enskilda Banken
Smith Barney, Harris Upham & Co. Incorporated
Société Bancaire Barclays (Suisse) S.A.
Société Financière du Leman S.A. (RAS Group)
Société Générale
Société Générale Alsacienne de Banque
Société Générale de Banque S.A.
Strauss, Turnbull & Co.
Sumitomo Finance International
Sun Hung Kai International Limited
Swiss Bank Corporation (Overseas) Limited
Tokai Kyowa Morgan Grenfell Limited
Union de Banques Arabes et Françaises-U.B.A.F.
Vereins-und Westbank Aktiengesellschaft
J. Vontobel & Co.
S. G. Warburg & Co. Ltd.
Wardley Limited
Westdeutsche Landesbank Girozentrale
Wood Gundy Limited
Yamaichi International (Europe) Limited

New Issue — All these securities having been sold, this announcement appears as a matter of record only. — August 1977

RHM
RANKS HOVIS McDOUGALL LIMITED

RHM Overseas Finance B.V.

(Incorporated with limited liability under the Civil Code of The Netherlands)

U.S. $40,000,000 9 per cent. Guaranteed Bonds 1992

Guaranteed by Ranks Hovis McDougall Limited

(Incorporated in England with limited liability under the Companies Act 1929)

Morgan Grenfell & Co. Limited

Barclays Bank International Limited

Crédit Lyonnais

Credit Suisse White Weld Limited

Abu Dhabi Investment Company
Algemene Bank Nederland N.V.
A. E. Ames & Co. Limited
Amex Bank Limited
Amsterdam-Rotterdam Bank N.V.
The Arab and Morgan Grenfell Finance Company Limited
Astaire & Co. Limited
Banca Commerciale Italiana
Banca del Gottardo
Banca della Svizzera Italiana
Banca Nazionale del Lavoro
Bank Julius Baer International Limited
Bank Gutzwiller, Kurz, Bungener (Overseas) Limited
Bank Mees & Hope NV
Bankers Trust International Limited
Banque Arabe et Internationale d'Investissement (B.A.I.I.)
Banque Bruxelles Lambert S.A.
Banque de l'Indochine et de Suez
Banque de l'Union Européenne
Banque de Neuflize, Schlumberger, Mallet
Banque de Paris et des Pays-Bas
Banque Française de Dépôts et de Titres
Banque Française du Commerce Extérieur
Banque Générale du Luxembourg S.A.
Banque Internationale à Luxembourg S.A.
Banque Nationale de Paris
Banque Ormond, Burrus & Cie. S.A.
Banque Worms
Baring Brothers & Co., Limited
Bayerische Hypotheken-und Wechsel-Bank
Bayerische Landesbank Girozentrale
Bayerische Vereinsbank
Berliner Handels-und Frankfurter Bank
Blyth Eastman Dillon & Co. International Limited
Cazenove & Co.
Chase Manhattan Limited
Citicorp International Group
Commerzbank Aktiengesellschaft
Compagnie Monégasque de Banque
County Bank Limited
Crédit Agricole (CNCA)
Creditanstalt-Bankverein
Crédit Commercial de France
Crédit du Nord
Crédit Industriel d'Alsace et de Lorraine
Crédit Industriel et Commercial
Daiwa Europe N.V.
Den Danske Bank af 1871 Aktieselskab
Deutsche Bank Aktiengesellschaft
Deutsche Girozentrale -Deutsche Kommunalbank-
DG BANK -Deutsche Genossenschaftsbank-
Dewaay & Associés International S.C.S.
Dillon, Read Overseas Corporation
Dominion Securities Limited
Dresdner Bank Aktiengesellschaft
Euromobiliare S.p.A. Compagnia Europea Intermobiliare
European Banking Company Limited
Euroseas Securities Limited
Eurotrading Limited
Finacor
First Boston (Europe) Limited
First Chicago Limited
Robert Fleming & Co. Limited
Antony Gibbs Holdings Ltd.
Girozentrale und Bank Der Österreichischen Sparkassen Aktiengesellschaft
Goldman Sachs International Corp.
Groupement des Banquiers Privés Genevois
Hambros Bank Limited
Handelsbank N.W. (Overseas) Limited
Hessische Landesbank-Girozentrale
Hill Samuel & Co. Limited
Istituto Bancario San Paolo di Torino
Kidder, Peabody International Limited
Kjøbenhavns Handelsbank
Kleinwort, Benson Limited
Kredietbank N.V.
Kredietbank S.A. Luxembourgeoise
Kuhn, Loeb & Co. International
Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.)
Kuwait International Investment Co. S.A.K.
Kuwait Investment Company (S.A.K.)
Lazard Brothers & Co., Limited
Lloyds Bank International Limited
Loeb Rhoades International Limited
London Multinational Bank (Underwriters) Limited
Manufacturers Hanover Limited
Merrill Lynch International & Co.
Samuel Montagu & Co. Limited
Morgan Stanley International
National Bank of Abu Dhabi
Nederlandsche Middenstandsbank N.V.
The Nikko Securities Co., (Europe) Ltd.
Nomura Europe N.V.
Nordfinanz-Bank Zuerich
Sal. Oppenheim jr. & Cie.
Orion Bank Limited
Österreichische Länderbank
Pierson, Heldring & Pierson N.V.
PKbanken
Postipankki
Privatbanken Aktieselskab
N. M. Rothschild & Sons Limited
Rothschild Bank AG
Rowe & Pitman, Hurst-Brown
Salomon Brothers International Limited
Scandinavian Bank Limited
J. Henry Schroder Wagg & Co. Limited
Singer & Friedlander Limited
Skandinaviska Enskilda Banken
Smith Barney, Harris Upham & Co. Incorporated
Société Bancaire Barclays (Suisse) S.A.
Société Financière du Leman S.A. (RAS Group)
Société Générale
Société Générale Alsacienne de Banque
Société Générale de Banque S.A.
Strauss, Turnbull & Co.
Sun Hung Kai International Limited
Svenska Handelsbanken
Swiss Bank Corporation (Overseas) Limited
Tokai Kyowa Morgan Grenfell Limited
Union Bank of Switzerland (Securities) Limited
Union de Banques Arabes et Françaises—U.B.A.F.
Vereins-und Westbank Aktiengesellschaft
J. Vontobel & Co.
S. G. Warburg & Co. Ltd.
Wardley Limited
Westdeutsche Landesbank Girozentrale
Wood Gundy Limited
Yamaichi International (Europe) Limited

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Nationale-Nederlanden expects better profits

BY MICHAEL VAN OS

AMSTERDAM, Sept. 6.

NATIONALE - NEDERLANDEN, Holland's largest insurance group, has booked a rise in first-half net profit of 12.4 per cent. to Fls.86.8m., while turnover increased by 6.8 per cent. to Fls.2.69bn. The board has decided to pay an interim of Fls.2.04 in cash per share of Fls.10. Last year, the company had also paid Fls.2.04 on the capital before its increase by a 10 per cent. bonus distribution. The company says that barring unforeseen circumstances the net profit for the whole year is expected to exceed last year's profit of Fls.178.4m. by "at least 10 per cent." Net profit per share recently increased by 10 per cent. rose in the first half to reach Fls.6.99 (Fls.6.21) adjusted for the June 1977 bonus distribution.

Nationale said that its international activities contributed 37.5 per cent. to total turnover in the first half. More than a third of profits is also understood to have been generated outside Holland, while there was no improvement in the results of the company's Dutch non-life companies over the already disappointing outcome of the first half of last year. The "strong recovery" in profitability of most non-life insurance companies outside the country was responsible for a "gratifying improvement" in the results from non-life companies. In life insurance, too, international activities contributed increasingly to the group's results.

The statement shows that of the total premium income in the first six months, up a modest 4.3 per cent. to Fls.2.10bn. (Fls.2.01bn.), life insurance turnover fell to Fls.931m. (Fls.968m.), while non-life business was up to Fls.956m. (Fls.872m.) with professional reinsurance rising to Fls.211m. (Fls.172m.). Income from investments and other activities rose by 16.4 per cent. to Fls.583m. (Fls.509m.).

Life assurance business, less policyholders' participation in the profits, showed a profit of Fls.53.9m. (Fls.48.6m.) and non-life insurance one of Fls.16.8m. (Fls.2.7m.). The balance of investments and other activities and the result of professional reinsurance combined to reach Fls.60.1m. (Fls.59m.).

Half-year upsurge at VNU

BY OUR OWN CORRESPONDENT

AMSTERDAM, Sept. 6.

HOLLAND'S largest publishing company, VNU, saw its first half net profits jump by 77 per cent. to Fls.16m. from the relatively low level of earnings in the same period last year (Fls.9m.). Sales were up 16 per cent. to Fls.449.7m. in the same period (Fls.387.8m.).

The Haarlem-based company, whose figures underline the excellent half year enjoyed by the Dutch publishing sector in general, said in its statement published to-day that its good performance was largely attributable to the favourable situation in the advertising market. This had led to higher turnovers in the magazines as well as in the newspaper sector, which has also had a positive effect on the results of the rotogravure printing works due to higher capacity utilisation.

Every sector of activity had shown an improvement in the first half, also the books sector, which is being restructured further, is still in the lossmaking area. At a press briefing here to-day on the publication of the results, the VNU Board said that profits for the whole of this year would be up on expectation. They were expected to reach "about Fls.30m." Business in the second half was expected to be good, but perhaps not quite as good as in the past period, it was added.

The company noted in its statement that with effect from the current year, amendments have been introduced in the valuation principles for the balance sheet and the determination of the results.

The company's first-half operating result has doubled to Fls.44.4m. (Fls.22m.), while the deduction for interest was cut to Fls.0.5m. (minus Fls.4.8m.). The taxable profit was up to Fls.43.6m. (Fls.17.2m.), while taxation clipped off Fls.20.1m. (Fls.8.2m.).

VNU's profit per ordinary share was up to Fls.8.47 in the first half (Fls.4.75), while the cash flow per share was up to Fls.16.57 (Fls.11.82). Of the interim dividend, to be fixed in November, the board would only say at this stage that inflation would be compensated.

EUROCREDITS

Rare feature in Mexican loan

BY FRANCIS GHILÈS

THE MEXICAN State controlled Banco Nacional de Credito Rural is currently negotiating two loans.

One is for $75m. for three years, which is very short by market standards, on a margin over libor of 1¼ per cent. which is payable over either Bankers Trust's (the lead manager) prime rate or over Libor at the lender's option. Libor currently stands at 6¾ per cent. while prime rates are 7 per cent. This latter feature is rare.

The same borrower is meanwhile raising DM100m. for five years on a spread of 1¼ per cent. over Libor from a bank consortium co-lead by Westdeutsche Landesbank Girozentrale and Libra Bank.

The initial amount was DM50m. The terms suggest the borrower will be paying a minimum interest rate of 7¼ per cent.

The Republic of Venezuela is raising $350m. for seven years from a group of banks led by Manufacturers Hanover Ltd. The spread over Libor being paid by the borrower is ⅞ per cent. which is ¼ per cent. less than that obtained when it raised its $1.2bn. loan earlier this year.

The size of the loan for the Rio Metro in Brazil has been raised for the second time since it went into syndication. It is now set at least $200m.—it will not go above $210m. It appears that the original managing underwriters are to take $85m. which means that a total of at least $115m. has been sold on the open market.

Market sources suggest that there will be two DM50m. placements for Rio Metro, not one as originally scheduled.

AMERICAN NEWS

German bid for U.S. cement co.

BY STEWART FLEMING

NEW YORK, Sept. 6.

A GERMAN company, Portland-Zementwerke Heidelberg has made an offer of $85m.—around £49m.—for one of the leading US cement and aggregate producers, Lehigh Portland Cement.

Lehigh, which had sales revenues in 1976 of $104m. and net profits of $6.1m. has for some time been tipped as a takeover prospect. It announced some weeks ago that it was in discussions without disclosing with whom.

The company operates from five cement plants in five states with a capacity of 3m. tons. In 1968 it acquired a bedroom furniture manufacturer.

This year the company has embarked on a $25m. project to modernise its facility in Mason City, Iowa, and last year it spent $13m. expanding its plant in Iowa. The board is recommending the $25 a share offer for the 3.4m. shares.

Maremont seeks expansion

THE Chicago-based automotive equipment manufacturer Maremont Corporation foresees acquisition moves in future, as well as growth in existing operations, Company president Richard B. Black said in London to-day that Maremont is "actively seeking expansion" outside present product lines, writes John Wicks.

While new operations will not necessarily be in the automotive field, they would be related to Maremont's current activities and expertise. The company is now engaged in an effort to procure the common stock of Pemcor Inc., a Chicago producer of loudspeakers and electrical equipment with fast-growing sales and profits.

At some point the company also envisages a European stock exchange listing. Maremont, says Black, is engaged in building up a solid information base in Europe with a view to gaining investor interest here. With its successful licensing agreement with Fiat in the shock-absorber business and manufacture of struts for the Volkswagen Rabbit model due to start in the U.S. early next year, the group sees development of European links very positively. Sales in Europe have risen sharply and an increasing amount of European material is being imported to the U.S. by Maremont. The company, Black says, is open to opportunities for "new affiliations" in Europe.

Maremont, whose net 1976 turnover amounted to $310.8m., increased its sales of automotive parts from $50m. in 1967 to almost $300m. last year without any acquisitions.

Turnover showed a slight rise in the first half of 1977 to reach record levels of $169.3m., while per-share earnings also experienced a modest growth. The outlook for the second half is for similar progress as that in January-June, but various developments are expected to have a "very positive impact in 1978 and beyond."

Maremont is receiving some $8m. from the British company Turner and Newall for the acquisition of 80 per cent. of its friction, brake and heavy-duty parts business. A joint venture in the U.S., Nuturn Corporation, will be managed as part of Turner and Newall's Ferodo division, with Maremont retaining a 20 per cent. stake.

Good start by Heinz

FOOD group Heinz has increased first quarter net profits by 28 per cent. to $19.6m. on a rise in sales of 14 per cent. to $491.5m. At the per share level earnings are higher by 19 cents at 83 cents, a rise of around 30 per cent.

Commenting on its higher fiscal first quarter net, the company said "we cannot" project this rate of growth for the rest of the current fiscal year, but "we believe the first quarter results have "set us off to a good start" in achieving our fifteenth consecutive year of rising sales and earnings.

The company said its fiscal first quarter net was favourably influenced by a reduction in the charge for unrealised foreign currency translation losses which were $76,000 during the first quarter this year, against $3.4m. during the same period a year earlier."

Prior to currency losses, net profits for the first quarter are just 5 per cent. higher.

Judge's ruling may ease takeovers

BY JOHN WYLES

AN IDAHO state law governing takeovers has been declared unconstitutional by a Dallas federal judge, in a ruling which could affect the future of similar legislation attempting to regulate tender offers which has been passed by some 30 other states.

Most of these laws substantially strengthen the defensive capacities of a company which is a target for takeover, and in some cases have greatly added to the costs of a merger by expanding the potential for litigation.

The Dallas judgment, which is to be appealed in a higher court, is on a case brought by the Texas millionnaires Nelson and Bunker Hunt, whose Great Western United Corporation has been seeking to acquire 2m. shares in the Idaho-based Sunshine Mining Company since last March.

Sunshine has been able to fend off this acquisition by means of the Idaho laws, which the Dallas federal judge, Robert M. Hill, has now found "conflicts with and frustrates" the purposes of the federal Williams Act, which was directed at protecting shareholders of a takeover target company without "unduly impeding cash takeover bids."

The Idaho statute, said the judge, destroyed the delicate balance struck in the Williams Act by providing for lengthy delays of a tender offer if it is not backed by the management of the target company. The immediate purpose of the legislation was to protect incumbent management and "might work to the detriment of shareholders" by discouraging tender offers and reducing the prices tendered.

In the Sunshine Mining battle, Great Western, whose interests include sugar beet refining and land development, last month cut its bid from $15.75 a share to $14.75, citing as its main reason the costs of delays imposed by Sunshine's defensive strategy.

"The ultimate purpose of the Idaho statute is to thwart tender offers and thereby prevent possible removal of the target company, or its management, the closing of plants and related effects on the State's economy. But a State may not legitimise its regulation of interstate commerce by asserting this type of interest," said the judge.

If this ruling holds through appeal, one of the main consequences could be the overturning of similar State laws by means of cases brought by companies whose merger overtures are suffering similar frustration.

D-Mark strength hits Schering

BY GUY HAWTIN

FRANKFURT, Sept. 6.

AN INDICATION of the damage the rise in the value of the Deutsche Mark has inflicted on West German corporate profitability comes in the half-yearly figures of Schering, the West Berlin-based chemicals concern. A shareholders' circular published to-day squarely blames the D-Mark's sharp upward course for a major slow-down in sales growth.

Admittedly, Schering may well be more sensitive to currency fluctuations than other West German concerns, but scarcely any company which is heavily dependent on overseas business and operating in highly competitive commercial sectors is likely to be unaffected.

Schering's group turnover showed a first half rise of only 2.6 per cent.—from DM1.08bn. in first half 1976 to DM1.11bn. (£271.6m.). This followed a first quarter growth rate of 13.6 per cent.

The figures included for the first time the DM30m. of the U.S. subsidiary Nepera Chemical Company, which was acquired last year, and it seems fair to argue that without this there would have been no turnover growth at all.

According to the Schering executive board, the poor turnover performance can be directly attributed to the weakening of leading world currencies against the D-Mark. Furthermore, although things are expected to improve in the second half of 1977, progress very much depends on whether or not there is further upward pressure on the D-Mark.

Schering AG, the parent concern, also saw its 17.2 per cent. first quarter growth rate slashed to a mere 2 per cent. Turnover went up from DM689m. in the first half of 1976 to DM703m. (£173.8m.) in the comparable period of the current year. Here, the main problem was a weakening of the domestic market, largely a result of a decline in pharmaceuticals sales. Home sales fell by 2.3 per cent. to DM255m., compared with the 4.7 per cent. rise in foreign turnover to DM448m.

As can be expected, the first half profits lay somewhat under the level reported in the comparable period of last year, as increased sales only partially covered the rise in costs. Things are likely to be better in the second half, according to the board, largely because of special factors, such as the introduction of the new drug "Fundal" and the straightening out of the loss-making Concordia-Chemie subsidiary. Even so, Schering's Board will be keeping their fingers firmly crossed on the currency front.

EUROBONDS

Little change yesterday

BY MARY CAMPBELL

EUROBOND SECONDARY market conditions continued more or less unchanged yesterday. Several new issues have been priced, while the Oesterreichische Kontrollbank issue is to be closed early and priced at a premium.

The closing date for the issue has been brought forward to tomorrow from the scheduled date of next Monday. The issue price for the three-year notes has been indicated at 100¼, and that for the five year notes at 100¼

Final terms of Redpath's $25m. 9 per cent. 12-year bullet — the longest bullet issue on record in this market — were unchanged from indications. The pricing was at par.

The other issue which has been priced is the $20m. convertible for Mitsui Real Estate Development. The conversion price has been set at Y522 to give a premium of 7.63 per cent. over the Y485m. closing price for the shares yesterday. Other terms were unchanged from indications — the issue price was set at par and the coupon at 6 per cent.

In the D-Mark sector, announcement of the issue for Argentina has been delayed for another day — it had originally been scheduled for Monday, and was then expected yesterday. Also due for announcement today is the DM450m. financing for the World Bank.

Income cut at Rand Bank

By Richard Rolfe

JOHANNESBURG, Sept. 6.

THE SMALL Rand Bank group, one of the chief casualties of the South African banking crisis in January and February, has published its annual report for the year to March 31. This shows net income, after transfers to contingency reserve, of R0.3m., compared with R1.9m. for the previous year, and a net provision, after application of the contingency reserve, for doubtful debts and diminution of the value of investments, amounting to R3m. This has been funded by a transfer from general reserve, and has reduced aggregate shareholders funds to R7.6m. against deposits of R150m.

Depositors, who have been frozen in since Rand Bank made application for curatorship (judicial management) on January 29, have mainly agreed to accept 7 per cent. on their deposits and will probably have to wait three years.

So far a payment of 20 cents in the Rand has been made and the Curator has indicated that full recovery can be expected provided operating and interest costs can continue to be slimmed down and that the bank is not forced to realise all its assets immediately.

The main problem area continues to be the Bank's R10m exposure to the collapsed property developer Glen Anil, which will take some years to be settled.

● THE SHIPPING and engineering group, Mitchell Cotts has reported another increase in the profits of its South African subsidiary, in which the U.K parent holds just under 80 per cent., with an advance at the pre-tax level from R14.1m. to R14.8m.

Algerian moves in Lip affair

By David Curry

PARIS, ...

A POTENTIALLY e... sial, certainly b... inevitably eleventh h... lopment in the four-y... by the workforce to k... the Lip watch fact... Besançon, in the ... accumulating finan... lapse, has come with... lation that the ... Government has ... sought the aid of Lip to set up a watch in... dustry in Algeria.

Workers' leaders ... that the Algerians ... them to examine ... sibility of setting up ... Algeria and to make ... sary machine tools as to train Algerian w... Besançon, just a wee... a Besançon commerc... is to rule on whe... should be put into fi... dation.

When Lip first coll... 1973, workers occup... plant, continued pr... and sold watches di... the public to force the... ties to resuscitate ... When the Government rescue by a group of companies and financ... tutions finally came ... 1976, it was almost... ately followed by a ... lapse, as the new ... proved inadequate ... Lip's needs.

When the commerc... declared Lip bankrupt 1976, workers imm... took over the factor... and seized the stock of as a bargaining coun... Paris appeal court ... this bankruptcy two ... ago, but the worker... claimed to be doing business at the facto... over the holiday peri... have managed to main... employment paymen... dismissed workers fo... unemployment pay eq... to 90 per cent. of... salary was no longer a...

At the same time, th... force has opened the f... of the factory to the ... employed — serving c... meals, for example — which has helped to t... saga into something ap... ing folklore within the movement.

The union leader, M. ... Piaget, again beratin... authorities for failing... new solutions to the Li... lem, said that the A... approach proved that ... and jobs could st... created. He said that ... tory talks were also ... place with Mada... Djibouti and Vietnam.

The Government, ... would like the Lip affai... away, will certainly hop... the Algerian approach ... wishful thinking than... stance. It is embar... enough by the refusal ... to lie down and die, ... the added complication ... intervention of a f... power with whom Frenc... tions are singularly tetch...

...throw ...link ...y by ...mber

...PHER DUNN

...arriving at London airport will be ...s away from Piccadilly by December. ...ransport opens its ...round extension ...irport with the ...capital.

...rrow Central station ... airport will be the ... world directly ... the underground ... major capital city. ... the new service ... ken six years to ... twice as much as ... released yesterday ... Transport, which ... the speed and ... he line.

...avelling times, a ... Heathrow every ... and carry an estimated ... passengers a year ... London's West End.

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...ntral station is in ... the airport complex platforms are 44 ... ground.

...concourse with the ... just below ground ... ected to the three ... al buildings by ... moving walkways.

... from the airport ... to use luggage ... as the ticket hall. ... ansport has also ... fact that many ... iving at Heathrow ... new to the London ... system. Signs with ... recognised symbols ... e it easier to buy ... omputer-controlled ... has also been in... ... the ticket office, ... ute finder, passen... ... le to see a diagram ... ested route across ... d out in English, ... rman.

... the service will be ... of tube trains ... e night. This is ... itial track maintenance ... be carried out in ... rs of the morning. ... train will leave ... 5.07 a.m. and the ... Central London will ... Heathrow Central at ...

...problem

...Jenne, Aerospace ... writes: While ... advent of the new ... rail link into ... ntral terminal area, ... are privately un... ... he lack of adequate ... on the new trains. ... provision of extra ... esigned to accom... ... een heped that ... nsport would provide ... with baggage sec... ... d of each car, and ... xecutives who have ... lled on the car... ... the extension of ... ready opened to ... believe that the ... beside the doors ... taking only a ... of baggage, per... ... e suitcase at the ... side.

Survey shows boom in ski holidays

BY DAVID FREUD, INDUSTRIAL STAFF

NINE PER CENT. more Britons went ski-ing last year than in 1976. And the number is likely to increase by a similar amount in the coming season.

A Ski Club of Great Britain survey shows that 259,500 people went ski-ing last year, compared with 237,500 the previous season. Tour operators expect the figure to reach 282,000 this winter.

Of last year's total, 49,000 (19 per cent.) made their own arrangements, while 70,000 (27 per cent.) took part in school and college tours. That, according to the ski club, is the biggest market growth area. Ten years ago, it estimates, the comparable figure was less than 10,000.

The survey, based on official releases by the 24 major ski tour operators and the national tourist offices, is the first the club has conducted and includes figures for Spain, Scotland, Norway and the Alpine countries.

Marked trend

One marked trend during the 1970s was the increase in popularity of Italy and France at the expense of Austria and, in particular, Switzerland.

Last year 17 per cent. of the total went to France and 32 per cent. went to Italy. The comparable figure for each country seven years ago was less than 5 per cent.

Seven years ago 56 per cent. of holidays were taken in Austria while last season the figure was 29 per cent. Switzerland was down to 14 per cent. compared with 30 per cent. previously.

Spain is beginning to appear on the British skiers' map—8,000 people went there last year and a big increase is expected this winter.

Average prices for a two-week, mid-February holiday organised through a tour operator this year will be £320 for Switzerland, £275 for France, £220 for Austria, £195 for Italy and £160 for Spain.

Brighter prospects for west Scotland

Financial Times Reporter

A MORE encouraging picture of business prospects in the west of Scotland emerges from the latest survey of trading activity by the Glasgow Chamber of Commerce.

The survey, which covered the three months to the end of July, was in stark contrast to the Chamber's last one, covering the February-April period. The results from that were so pessimistic that they were never released because, it was suspected, they might not have presented a true picture.

This time 81 per cent. of companies asked were maintaining or improving sales, with only 25 per cent. reporting a decline in orders. Exports, after a very sharp downturn, had increased in the case of almost half the companies.

On production, 74 per cent. said they were running at full or satisfactory levels. More than 18 per cent. expected to be recruiting workers over the three months, with only 9 per cent. expecting a reduction in their workforces.

The percentage expecting to see their profitability rise was up slightly on three months before while, overall, the Chamber comments, there was "some indication of an improvement in confidence, although nothing very dramatic."

Three brewers in exchange of 437 pubs

BY KENNETH GOODING

A TOTAL of 437 pubs are to change ownership under a big exchange deal involving three of the U.K.'s main brewing groups—Allied Breweries, Bass Charrington and Courage.

The main areas to be affected are Bristol and Avon, parts of the Chilterns and Midlands, the Thames Valley and Merseyside.

As a result of the deal—announced yesterday—Courage, the Imperial Group subsidiary, will gain a much greater foothold in the West Midlands, where it is acquiring 85 pubs. Bass Charrington will move into the Thames Valley in a big way and Allied, the Ind Coope, Tetley and Ansells combine, into Bristol.

The brewers admitted that they were influenced in their move by the Monopolies Commission report on the brewing industry which criticised the strong grip some companies have on particular geographic areas as a result of the mergers of the 1960s.

The deals should certainly take some of the pressure off the industry, as the arrangement looks quite impressive. In reality, the pubs involved represent less than 2 per cent. of the 23,300 the three groups own. The trade the pubs do is estimated to be worth only £11m.

The exchange has been based on the value of trade—basically the numbers of barrels of beer sold—in each pub. The companies estimate the values to be £4.5m. for Allied and Courage; £4.25m. for Bass and Courage and £2.25m. for Allied Bass.

There have been previous, but much smaller, pub-swaps before—between Courage and Truman in 1970 and Watney and Courage in 1971. Those operations stimulated trade through the novelty value of a new brewer in an area dominated by one of its rivals.

Whittall takes CBI post

MR. ASTLEY WHITTALL, president of the Engineering Employers' Federation, has been appointed chairman of the CBI's employment policy committee.

He is chairman of Amalgamated Power Engineering of Birmingham, and is also a vice-president of the Institution of Mechanical Engineers.

In his new CBI post, Mr. Whittall, who is 52, succeeds Sir James Barker, chairman of Unigate, who is retiring.

Mr. Whittall's appointment coincides with Mr. Richard Dixon taking over as the CBI's director of social affairs in charge of employment policy. Mr. Dixon was previously the CBI's director of information.

Windfall from oil 'should not be wasted'

BY CHRISTOPHER DUNN

A WARNING against premature reflation, based on North Sea oil revenues, has been given by the London Chamber of Commerce and Industry, which wants to see the oil revenues used to help Britain's economy over the long term.

"The Government must resist short term economic and political pressures for reflation. The windfall offered by North Sea oil . . . must be used to achieve a long term basic improvement in the U.K.'s economic infrastructure. It should not be used as another bargaining counter in the stop-go game."

The Chamber also identified a "huge gap" in the U.K. economy between promise and achievement. This is why there was "euphoria on the financial markets" and great apprehension about the rest of the economy.

Adopting a flexible exchange rate had had a decisive effect on confidence. Foreign money had poured in, gilts had been in huge demand, and equities had soared. But actual achievement in the rest of the economy made dismal reading. Unemployment was setting new post war records, living standards were dropping and the level of stocks was high. The level of investments remained historically low.

Sales will include Napoleon's and Wellington's wines

BY EDMUND PENNING-ROWSELL

SOTHEBY'S and Christie's are starting the autumn wine auction season with all-day sales on September 28 and 29, respectively.

Sotheby's sale, running to more than 800 lots, includes wines from private cellars in Hertfordshire, Oxfordshire and Worcestershire.

Among Christie's 600 lots is an outstanding rarity of a single bottle of Lafite 1806, only nine years younger than the oldest vintage in the château's celebrated vinothèque.

Last year, a similar bottle fetched $14,200 at Christie's auction in New Orleans.

Christie's has also unearthed some ancient wines from the Duke of Wellington's cellars in Apsley House, Piccadilly.

These include 10 bottles of Lafite 1875 and another 10 of early 19th-century India Madeira that belonged to the Marquess of Wellesley, the Iron Duke's brother and Governor-General of India.

They have lain in Apsley House for more than 130 years.

From a French town house comes what Christie's describes as the most extensively known private collection of double-magnums and other large-sized bottles of inter-war claret vintages.

Other rarities include ancient madeiras, headed by a bottle of Cama de Lobos 1789, and another of 1792, said to have been bought for Napoleon—but never paid for—when he stopped at the island on his way to St. Helena in 1815. It was bottled in 1840.

Another exceptional item is the original cellar-book of Professor George Saintsbury, on which his Notes on a Cellar-Book, published in 1920, was based.

If Sotheby's has nothing as rare as these items—though it has its share of ancient Madeiras and clarets too—it is offering magnums of 1811 Grande Fine Champagne cognac belonging to an old Bordeaux firm, and, rarely for this vintage, not ostensibly associated with Napoleon.

It is also selling a remarkable range of the sought-after 1961 clarets, and considerable runs of first-growths from a variety of vintages.

In both sales, nearly all the wines derive from private owners, most of them in this country, an indication of the large reserves still cellared here.

However, the final destinations of most of the rarer and finer wines to be offered are likely to lie across the Atlantic.

Alcoholism policy 'could cut cost'

ALCOHOLISM could be costing industry up to £500m. a year, but very few companies have worked out a policy for dealing with the problem, according to the Health and Safety Information Bulletin, *writes Christopher Dunn.*

A loss on this scale may be unnecessary, the report says. The few companies which had laid down guidelines for dealing with workers who drank too much had found that a great deal could be done.

Companies with special policies tended to regard alcoholism as an illness and concentrated on spotting the symptoms early. Frequent absenteeism, decreased work performance, moodiness, and lethargy were noted and from then on, companies tried to convince the worker they were treating, rather than punishing him.

Those companies with remedial schemes included three of the big brewers, Scottish and Newcastle, Guinness and Watney. British Rail and IBM, the electronics manufacturer, also had schemes and British Oxygen listed danger signals of excessive drinking in its house magazine.

According to the report, nearly 500,000 people in the U.K. are suffering from a drink problem.

ICL planning permission

BY MAX WILKINSON

INTERNATIONAL COMPUTERS has obtained planning permission in principle to build a research and development complex at Wythenshawe, Manchester, which will employ 4,300 people.

If building goes ahead, the company's factory at West Gorton, Manchester, would be closed and staff moved to the new premises.

For some time, ICL has been looking for alternative sites to accommodate production and research workers at present at West Gorton, and union leaders have been anxious that as many jobs as possible should be retained in the Manchester area.

About 2,000 people are employed at West Gorton and a further 1,000 at a company factory at Dukinfield, Greater Manchester.

The company said last night that the application for planning permission at Wythenshawe did not mean that ICL had definitely decided to move there.

Cheaper diggers

AKERMAN Industries, of Peterborough, yesterday announced a 10 per cent. average decrease in the selling prices of its range of Swedish made hydraulic excavators. Reason: "devaluation of the Swedish krone."

APPOINTMENTS

Executive posts at Guinness (Park Royal)

Mr. J. L. Wilkinson and Mr. M. Daymond have been appointed executive directors of ARTHUR GUINNESS SON AND COMPANY (PARK ROYAL) from October 1.

★

Mr. D. J. Grundy has been appointed a full-time chairman of INDUSTRIAL TRIBUNALS in the Manchester Region.

★

Mr. David Reeves has been appointed sales director designate of ZOOM TELEVISION (Plantation Holdings group) and will be based at Pinewood Studios. He is succeeded as Northern area manager by Mr. David Beaumont, who joins from Marconi.

★

Mr. A. R. Jones has become managing director of SPAR FOOD HOLDINGS and of its central office operating company, Spar (U.K.). Executive appointments of other directors of Spar (U.K.) are Mr. J. G. A. Irish assistant managing and marketing; Mr. R. J. Fuller, retail development; Mr. N. E. Hampel, personnel; Mr. J. Harris, finance; and Mr. D. H. Lingham, wholesale development.

★

Mr. A. M. J. Marre has been appointed managing director of HACKER, the radio manufacturing company recently acquired by Pullmaflex International, responsible to the chairman, Mr. J. N. R. Barber. Other directors who have joined the Board of Hacker are Mr. A. B. M. Good, Mr. J. M. Hacker, Mr. S. Lyons, Mr. C. J. Steiner and Mr. K. M. Taylor.

★

Mr. F. C. Stringer and Mr. M. J. Stringer have resigned from the Board of THOS. BARLOW (HOLDINGS).

★

Mr. R. K. Walker, secretary, has been appointed to the Board of LONDON UNITED INVESTMENTS.

★

CHARTERHOUSE MANAGEMENT COURSES states that Mr. Ernest Jones has resigned from the company and relinquished his position as managing director to develop his other business interests. He continues to be associated with the company to fulfil his immediate lecturing commitments. Mr. John Grenier, the chairman, has additionally become managing director.

★

Prince G. L. A. Galitzine has entered into partnership with DUFF STOOP PIM VAUGHAN, stockbrokers.

★

The BRITISH GAS CORPORATION has appointed Mr. David Müller as chief investment accountant. Mr. Brian Sellers becomes chief financial accountant from October 1.

★

Mr. B. C. Rollings has joined the Board of POWELL DUFFRYN ENGINEERING as sales director. Mr. F. W. Stephenson has been appointed to the new post of divisional commercial manager for PD Industrial Services.

★

Mr. H. L. Mills and Mr. J. F. N. Wedge have been appointed assistant general managers of BARCLAYS BANK INTERNATIONAL, head office.

★

Mr. Trevor Tummon has been appointed sales and marketing manager of EXTEL STATISTICAL SERVICES.

★

Mr. D. N. James has been appointed deputy managing director of H. R. HOWARD AND SONS, a subsidiary of Reliance Knitwear Group. Mr. M. D. Rowley becomes financial director, Mr. J. M. Swan, production director and Mr. S. C. Youatt, operations director.

★

Mr. Robin Matthews has joined BANKERS TRUST INTERNATIONAL as an executive director in the finance department. He was previously with Standard Merchant Bank, Johannesburg.

★

Mr. W. D. Moon, a director of Britvic, has been appointed director in charge of operations in Scotland.

★

Mr. Ian Davies has been appointed sales director of CARSON OFFICE FURNITURE (a Twinlock company).

★

HESELTINE MOSS AND CO. stockbrokers has opened a branch in Cheltenham, where the resident partner is Mr. P. W. Gregg.

★

Mr. Matthew Peel has been appointed a director of NIXON SHOPFITTERS, a subsidiary of Bellway Holdings.

★

Mr. W. J. Claydon, general manager and underwriter of the SCOTTISH LION INSURANCE COMPANY, retires on September 30. He will also retire from the Boards of the Scottish Lion Insurance Group. Mr. D. J. M. Christie, a director and assistant general manager and deputy underwriter (aviation) will succeed Mr. Claydon as general manager and underwriter. Mr. P. F. Gritt will become deputy underwriter (aviation).

Banking figures

(as table 9 in Bank of England Quarterly Bulletin)

ELIGIBLE LIABILITIES, RESERVE ASSETS, RESERVE RATIOS, AND SPECIAL DEPOSITS

1—Banks

	August 17, 1977 £m.	Change on month £m.
Eligible liabilities		
U.K. banks		
London clearing banks	20,953	− 43
Scottish clearing banks	2,266	+ 1
Northern Ireland banks	719	− 1
Accepting houses	1,846	+ 65
Other	6,033	+323
Overseas banks		
American banks	3,510	+177
Japanese banks	224	− 3
Other overseas banks	1,978	+ 79
Consortium banks	142	+ 6
Total eligible liabilities*	37,691	+604
Reserve assets		
U.K. banks		
London clearing banks	2,830	+ 58
Scottish clearing banks	313	+ 13
Northern Ireland banks	107	− .5
Accepting houses	292	+ 29
Other	969	+ 95
Overseas banks		
American banks	546	+ 77
Japanese banks	36	+ 1
Other overseas banks	333	+ 11
Consortium banks	43	− 3
Total reserve assets	5,467	+275
Constitution of total reserve assets		
Balances with Bank of England	278	−106
Money at call:		
Discount market	2,233	−391
Other	241	+ 62
Tax reserve certificates	—	—
U.K., Northern Ireland Treasury Bills	1,259	−118
Other bills:		
Local authority	105	− 26
Commercial	675	+ 14
British Government stocks with one year or less to final maturity	676	+ 58
Other	—	—
Total reserve assets	5,467	+275
Ratios %		
U.K. banks		
London clearing banks	13.5	+ 0.3
Scottish clearing banks	13.8	+ 0.6
Northern Ireland banks	14.8	− 0.8
Accepting houses	15.8	+ 1.0
Other	16.0	+ 0.7
Overseas banks		
American banks	15.5	+ 1.4
Japanese banks	16.0	+ 0.7
Other overseas banks	16.8	− 0.1
Consortium banks	30.0	− 4.1
Combined ratio	14.5	+ 0.5
	£m.	£m.
N.B.—Government stock holdings with more than one year but less than 18 months to final maturity amounted to	19	− 10
2—Finance houses		
Eligible liabilities	312	+ 3
Reserve assets	44.1	+ 0.5
Ratio (%)	14.2	+ 0.1

Special deposits at July 20 were £1,082m. (up £22m.) for banks and £9m. (down £1m.) for finance houses. * Interest-bearing eligible liabilities were £25,316m. (up £653m.).

London Clearing Banks' balances

as at August 17, 1977

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England. Tables 1, 2 and 3 are prepared by the London clearing banks. Tables 1 and 2 cover the business of their offices and their subsidiaries (excluding Scottish and Northern Ireland banks) in England and Wales, the Channel Islands and the Isle of Man which are listed by the Bank of England as falling within the banking sector. Table 3 covers the parent banks only. In this, it is comparable with the figures produced by the Bank of England, which show the reserve positions of all the banking sectors subject to credit control. Minor differences here arise from the exclusion from the clearing bank figures of Coutts, a subsidiary of National Westminster but a clearing bank in its own right.

TABLE 1. AGGREGATE BALANCES

	Total outstanding £m.	Total outstanding £m.	Change on month £m.	Change on month £m.
LIABILITIES				
Sterling deposits:				
U.K. banking system	3,578		−213	
Other U.K. residents	24,298		−220	
Overseas residents	2,054		+ 30	
Certificates of deposit	1,985		+227	
		31,915		−186
of which: Sight		12,450		−492
Time (inc. CD's)		19,464		+307
Foreign currency deposits:				
U.K. banking system	3,510		+ 86	
Other U.K. residents	1,063		− 55	
Overseas residents	10,058		− 88	
Certificates of deposit	1,101		+ 59	
		15,732		+ 22
Total deposits		47,646		−164
Other liabilities*		7,982		−209
TOTAL LIABILITIES		55,629		−373
ASSETS				
Sterling				
Cash and balances with Bank of England		1,033		−157
Market loans:				
Discount market	1,645		−109	
U.K. banks	4,915		+150	
Certificates of deposit	994		+154	
Local authorities	1,030		+ 22	
Other	367		+ 58	
		8,951		+275
Bills:				
Treasury bills	662		− 60	
Other bills	821		+ 14	
		1,483		− 46
Special deposits with Bank of England		732		+ 21
Investments:				
British Government stocks	1,872		+ 75	
Other	996		—	
		2,869		+ 74
Advances:				
U.K. private sector	16,648		− 99	
U.K. public sector	136		+ 6	
Overseas residents	2,448		+ 55	
		19,232		− 37
Other sterling assets*		4,767		−588
Foreign currencies				
Market loans:				
U.K. banks and discount market	2,972		− 19	
Certificates of deposit	301		− 11	
Other	6,627		+213	
		9,900		+184
Bills		48		− 2
Advances:				
U.K. private sector	1,950		− 62	
U.K. public sector	1,198		− 16	
Overseas residents	2,775		+ 24	
		5,923		− 54
Other foreign currency assets*		684		− 43
TOTAL ASSETS		55,629		−373
Acceptances		330		− 18

* Includes items in suspense and in transit.

TABLE 2. INDIVIDUAL GROUPS OF BANKS' BALANCES

	TOTAL Outstanding £m.	TOTAL Change on month £m.	BARCLAYS Outstanding £m.	BARCLAYS Change on month £m.	LLOYDS Outstanding £m.	LLOYDS Change on month £m.	MIDLAND Outstanding £m.	MIDLAND Change on month £m.	NATIONAL WESTMINSTER Outstanding £m.	NATIONAL WESTMINSTER Change on month £m.	WILLIAMS & GLYN'S Outstanding £m.	WILLIAMS & GLYN'S Change on month £m.
LIABILITIES												
Total deposits	47,646	−164	13,360	+182	9,328	−143	9,565	+ 9	14,000	−155	1,383	− 57
ASSETS												
Cash and balances with Bank of England	1,039	−157	356	+ 1	171	− 33	195	− 77	289	− 30	29	− 17
Market loans:												
U.K. banks and discount market	9,532	+ 22	2,510	− 17	2,125	−175	1,741	+ 82	2,947	+143	205	− 10
Other	9,320	+436	2,462	+246	2,452	+206	1,300	+ 8	2,845	− 22	220	− 2
Bills	1,532	− 48	306	+ 17	366	− 12	409	+ 20	434	− 65	17	− 7
Special deposits with Bank of England	732	+ 21	229	+ 2	116	+ 4	147	+ 7	219	+ 8	22	—
British Government stocks	1,872	+ 75	408	+ 1	506	+ 5	409	+ 58	459	+ 12	90	− 1
Advances	25,135	− 91	7,526	− 31	3,817	− 22	5,513	− 8	7,403	− 35	896	+ 5

TABLE 3. CREDIT CONTROL INFORMATION (Parent banks only)

	TOTAL Outstanding £m.	TOTAL Change on month £m.	BARCLAYS Outstanding £m.	BARCLAYS Change on month £m.	LLOYDS Outstanding £m.	LLOYDS Change on month £m.	MIDLAND Outstanding £m.	MIDLAND Change on month £m.	NATIONAL WESTMINSTER Outstanding £m.	NATIONAL WESTMINSTER Change on month £m.	WILLIAMS & GLYN'S Outstanding £m.	WILLIAMS & GLYN'S Change on month £m.
Eligible liabilities	20,826	− 30	6,721	+ 8	3,172	− 51	4,351	+ 20	5,640	− 14	711	+ 7
Reserve assets	2,813	+ 62	914	+ 17	429	+ 8	603	+ 20	771	+ 18	96	− .1
Reserve ratio (%)	13.5	+ 0.3	13.6	+ 0.2	13.5	+ 0.4		+ 0.4	13.7	+ 0.4	13.5	− 0.3

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Erratic session leaves Dow 1 higher

BY OUR WALL STREET CORRESPONDENT

NEW YORK, Sept. 6.

FOLLOWING yesterday's closure for the Labor Day holiday, Wall Street moved erratically to-day in slow trading before ending higher on balance, thus extending last week's rally.

The Dow Jones Industrial Average, after touching extremes of 877.43 and 866.77, was finally 0.96 up on balance at 873.27, while the NYSE All Common Index finished 11 cents firmer at $53.44, after $53.22. Rises outnumbered losses by 718 to 630, while turnover came to 16.13m. shares against last Friday's depressed level of 15.62m.

Earlier in the session, U.S. Steel's downward revision of 1977 industry shipments, adding to already widespread concern about the extent of the economic slowdown, triggered selling orders.

However, subsequent news of healthy August sales increases by the nation's big three motor manufacturers—General Motors reporting a near 22 per cent. gain—helped to turn the market upwards.

Uranium issues were strong on favourable comment by analysts quoted in a published report. United Nuclear rose $1 to $33½ and Kerr McGee $¼ to $60¼.

Actively-traded General Motors advanced $¼ to $68¾.

GCA advanced $1¼ to $9¼ and [illegible] Manufacturing $2⅛ to $21⅛.

J. Ray McDermott added $¼ to $49 after stating that its offer of $62.50 per share for Babcock and Wilcox was heavily over subscribed.

THE AMERICAN SE Market Value Index finished just 0.01 easier at 118.95 after a thin trade. Volume 1.91m. shares.

TUESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Dr. Pepper	199,100	[illegible]	[illegible]
Sony	172,200	[illegible]	[illegible]
General Motors	162,100	68¾	+¼
Digital Equipment	150,200	[illegible]	[illegible]
Exxon	142,800	[illegible]	[illegible]
Texas Utilities	131,000	[illegible]	[illegible]
British Petroleum	124,500	[illegible]	[illegible]
Standard Oil Calif.	122,400	[illegible]	[illegible]
Public Svc. Colorado	122,200	[illegible]	[illegible]
Chemetron	112,000	[illegible]	[illegible]

OTHER MARKETS

Canada firmer

Canadian Stock Markets were modestly firmer yesterday following a fairly active business.

The Toronto Composite Index added 2.3 at 1,007.2, while Golds were noteworthy for a fresh advance of 10.2 to 1,095.7 and Oils and Gas moved ahead 5.3 more to 1,196.8. Papers gained 0.49 to 96.89.

PARIS—All sectors were weaker on balance, reflecting speculation that the French Budget details, which are scheduled for release to-day, will include special taxes on financial institutions.

Carrefour retreated Frs.16 to Frs.1,240, BIC Frs.15 to Frs.675, Michelin "B" Frs.20 to Frs.1,255, and CIT-Alcatel Frs.22 to Frs.885.

BRUSSELS — Local shares showed a downward bias again in active trading, Societe Generale losing Frs.35 to Frs.1,910 and Arbed Frs.75 to Frs.2,115.

Against the trend, however, Hoboken advanced Frs.60 to Frs.2,610, Credit Bank Frs.90 to Frs.6,390, and Petrofina Frs.115 to Frs.4,225.

AMSTERDAM—Hardening tendency in thin trading.

Dutch Internationals were higher on balance, although Hoogovens were still Fls.0.10 cheaper.

Shippings declined, but KLM gained Fls.1.10. Banks, Insurances and most trading and Industrial stocks rose. Pakhoed, however, lost Fls.1.

State Loans firmed. A good demand is expected for the Fls.75m. Austrian Loan which opened for subscription yesterday. Similar Loans traded above par.

GERMANY—Shares continued to firm on domestic and foreign institutional buying, with interest seen especially for Steel issues, where Mannesmann added DM3.50. Daimler led Motors higher with a rise of DM3, while Banks were up to DM2 better. Major Chemicals were little changed, although Schering, on lower first half profits, shed DM1.

Public Bond prices sustained losses to DM0.30, partly on news of a new Government Loan, due next week. Intervention by the Regulating Authorities was on balance virtually nil, compared with sales of DM3.5m. of stock the previous day. Foreign Mark Loans were mixed.

SWITZERLAND — Market made further headway.

Bally rose Frs.85 more to Frs.1,635 and Oerlikon-Buehrle Frs.35 to Frs.2,240, still on the merger proposals.

In leading Industrials, Fischer put on Frs.5 to Frs.765 on good demand.

OSLO—Industrials were slightly easier.

steady in moderate trading.

COPENHAGEN — Lower in moderate trading.

STOCKHOLM—Weaker.

SPAIN—The market suffered a further fall, the index losing 0.47 more to a new low for the year of 73.86. Tubacex declined 6 points to 121.50, while Banks had Santander 7 lower at 365.

MILAN—Stocks were mixed but with a lower bias, still experiencing selling pressure following the abolition of the 90 per cent. deposit requirement on forward share sales.

Montefibre were sharply lower while Montedison shed L3.25 to L258—the group is facing financial and industrial problems in France, where the synthetic fibres subsidiary has proposed laying off over half its workforce.

VIENNA — Continuing very

HONG KONG—Easier in quiet trading.

Hong Kong Bank, $HK18.00, Jardine Matheson, $HK14.90, and Hong Kong Land, $HK6.90, shed 10 cents each, while Hutchison softened 7.50 cents to $HK3.30 and Swire Pacific 5 cents to $HK6.50.

JOHANNESBURG — Golds were in firm fettle on both local and overseas interest, while Financial Minings rose in sympathy.

Elsewhere, De Beers maintained an earlier 4 cents gain to close at R5.17. Messina featured in Coppers with a 15 cents rise to R2.35.

TOKYO—Heavy liquidations in Blue Chips, reflecting caution following the recent good gains, helped to send the Market Average down 16.88 to 5,270.77. Volume 320m. shares (260m.).

Depressing sentiment were fears that the exchange might tighten margin trading curbs, as the outstanding balance of buying in margin trading is believed to have reached a record high.

Electricals, easier towards the close on late liquidations and profit-taking, had Sony down Y20 to Y2,370. Matsushita Electric Communication Y70 cheaper at Y1,270, and Pioneer Electronic Y30 off at Y1,690.

Heiwa Real Estate, Tokio Marine, Fuji Photo Film, and some large-asset shares lost ground, but Motors firmed on anticipated good earnings prospects, with Toyota adding Y3 to Y976 and Honda Y7 to Y606.

Cements were also better, aided by the new reflationary package, while Trading Houses were generally higher on the cut in official Discount Rate.

AUSTRALIA—Generally firmer, with Bank, Insurance and Industrial sectors all higher, but Uraniums were an easier exception.

BNS Wales rose 6 cents to $A5.06, AGC 3 cents to $A1.35, and Mercantile Mutual 10 cents to $A3, while Lend Lease firmed 10 cents to $A2.60, and Pioneer Concrete put on 2 cents to $A1.14.

BHP improved 6 cents to $A5.72, ACI 5 cents to $A1.60, ICI Australia 8 cents to $A1.73, and Myer 4 cents to $A1.85, while Adelaide Steamship, in response to the results, were 10 cents higher at $A1.

Indices

NEW YORK — DOW JONES

	Sept. 6	Sept. 2	Sept. 1	Aug. 31	Aug. 30	Aug. 29	1977 High	1977 Low	Since compil'n High	Since compil'n Low
Industrial	873.27	872.31	864.88	861.49	858.83	864.09	999.75 (3/1)	854.12 [illegible]	1051.70 [illegible]	41.22 (2/7/32)
H'meB'nds	89.75	89.64	89.55	89.66	89.56	89.41	90.84 [illegible]	88.66 [illegible]	[illegible]	[illegible]
Transport	219.67	218.08	216.56	215.25	215.51	217.09	246.64 [illegible]	214.56 [illegible]	279.88 [illegible]	13.23 (8/7/32)
Utilities	112.95	112.29	111.46	110.88	110.94	110.56	118.67 [illegible]	104.97 [illegible]	163.32 [illegible]	10.58 [illegible]
Trading vol. 000's	16,130	18,620	18,920	12,080	18,220	15,250				

* Basis of index changed from August 24.

	Sept. 2	Aug. 26	Aug. 19	Year ago (approx.)
Ind. div. yield %	6.16	4.25	5.20	3.88

STANDARD AND POORS

	Sept. 6	Sept. 2	Sept. 1	Aug. 31	Aug. 30	Aug. 29	1977 High	1977 Low	Since compil'n High	Since compil'n Low
Industrials	107.60	107.53	106.61	106.56	106.01	106.86	118.92 [illegible]	105.93 [illegible]	134.64 [illegible]	3.52 [illegible]
Composite	97.71	97.45	96.83	96.77	96.56	96.82	107.00 [illegible]	95.06 [illegible]	125.85 [illegible]	4.40 [illegible]

	Aug. 31	Aug. 24	Aug. 17	Year ago (approx.)
Ind. div. yield %	4.59	4.57	4.54	3.49
Ind. P/E Ratio	9.86	9.90	9.95	11.60
Long Gov. Bond yield	7.55	7.61	7.68	7.[illegible]

N.Y.S.E. ALL COMMON

Sept. 6	Sept. 2	Sept. 1	Aug. 31	1977 High	1977 Low
53.44	53.33	52.98	52.55	57.07 (6/1)	52.56 (31/5)

Rises and Falls	Sept. 6
Issues Traded—1,848	Up—718
Down—630	Same—500
New Highs—36	New Lows—29

MONTREAL, TORONTO, JOHANNESBURG

	Sept. 6	Sept. 2	Sept. 1	Aug. 31	1977 High	1977 Low
MONTREAL Industrial	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
MONTREAL Combined	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TORONTO Composite	1007.2	1004.9	1001.6	1008.5	1097.4 (13/7)	979.4 [illegible]
JOHANNESBURG Gold	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
JOHANNESBURG Industrials	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Other indices

	Sept. 6	Pre-vious	1977 High	1977 Low
Australia	[illegible]	[illegible]	[illegible]	[illegible]
Belgium	[illegible]	[illegible]	[illegible]	[illegible]
Denmark	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]
Germany	[illegible]	[illegible]	[illegible]	[illegible]
Holland	[illegible]	[illegible]	[illegible]	[illegible]
Hongkong	[illegible]	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]
Singapore	[illegible]	[illegible]	[illegible]	[illegible]
Spain	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]
Switzerl'd	[illegible]	[illegible]	[illegible]	[illegible]

Indices and base dates (all base values 100 except NYSE All Common—50, Standards and Poors—10 and Toronto 300-1,000, the last-named based on 1975). [illegible]

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £—89% (88½%)

NEW YORK

[illegible]

CANADA

[illegible]

GERMANY

[illegible]

AMSTERDAM

[illegible]

COPENHAGEN

[illegible]

VIENNA

[illegible]

TOKYO

[illegible]

Source Nikko Securities, Tokyo.

BRUSSELS/LUXEMBOURG

[illegible]

SWITZERLAND

[illegible]

MILAN

[illegible]

AUSTRALIA

[illegible]

PARIS

[illegible]

STOCKHOLM

[illegible]

OSLO

[illegible]

BRAZIL

[illegible]

JOHANNESBURG

[illegible]

SPAIN

[illegible]

Pound steady

Sterling closed unchanged against the U.S. dollar and major currencies in general in the foreign exchange market yesterday in fairly quiet trading.

Business was generally thin, but conditions remained nervous as a result of the TUC congress in Blackpool. The pound closed at $1.7411-1.7415, unchanged on the day, after touching a best level of $1.7420-1.7423 in early trading, and a low point of $1.7408-1.7412 after lunch.

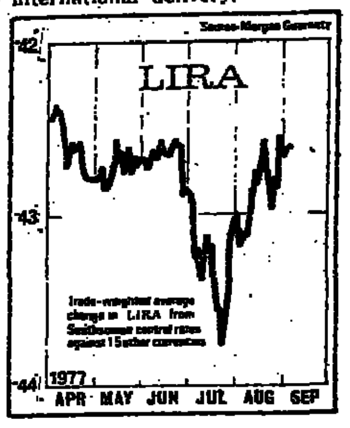
The authorities may have intervened to prevent any very sharp movements in the rate, and sterling's trade-weighted index on the basis of the Washington Currency Agreement of December 1971, was unchanged throughout at 62.3 on Bank of England figures.

Forward sterling was firm, and the three-month discount against the U.S. dollar narrowed to 0.62 cents discount from 0.67 cents.

Most major currencies remained steady in terms of the U.S. unit, and Morgan Guaranty's calculation of the dollar's trade-weighted depreciation since the Washington Agreement, narrowed to 0.57 per cent. from 0.67 per cent.

The Dutch guilder finished at Fls.2.4535 against the dollar compared with Fls.2.4540 on Monday, while the D-mark also showed little change at DM2.3220, compared with DM2.3230 previously.

Gold fell $½ to $147-147½ in fairly active trading. The krugerrand's premium over its gold content widened to 3.48 per cent. from 3.13 per cent. for domestic and international delivery.



CURRENCY RATES

	Special Drawing Rights September 6	European Unit of Account September 6
Sterling	0.666684	0.654048
U.S. dollar	1.16123	1.13903
Canadian Dll.	1.24832	1.22208
Austria Sch.	19.2096	18.8415
Belgian franc	41.5198	40.7259*
Danish krone	7.17176	7.03556
Deutschemark	2.69928	2.64712
Dutch guilder	2.85140	2.79654
French franc	5.70948	5.60003
Italian lira	1024.90	1005.34
Japanese yen	310.861	304.731
Norway krone	6.34206	6.22245
Spain peseta	98.1205	96.1879
Swedish krona	5.65171	5.54283
Swiss franc	2.78115	2.72734

* Rate is for convertible franc. Financial franc 40.7316.

EXCHANGE CROSS-RATES

Sept. 6	Frankfurt	New York	Paris	Brussels	London	Amst'd'm	Zurich
Frankfurt	—	2.3234-44	47.25-35	6.497-507	4.045-055	94.61-71	87.00-10
New York	43.05-07	—	20.35-36	2.791-8000	1.7416-7417	40.72-74	41.76-78
Paris	211.30-80	4.9107-227	—	13.756-770	8.555-575	200.04-54	205.07-57
Brussels	15.36-41	35.43-78	7.26-29	—	62.19-33	14.54-59	14.91-95
London	4.04-05	1.7411-15	8.55-8.61	62.15-25	—	4.27-28	4.16½-17½
Amst'rd'm	105.615-665	2.4542-67	44.905-55	6.8635-85	4.2765-2805	—	102.52-57
Zurich	103.08-16	2.3940-48	46.70-75	6.7025-100	4.1705-1725	97.54-62	—

U.S. $ in Montreal U.S. $ = 107.48-51 Canadian Cents.

Canadian $ in New York = US$0.9304-06 cents. U.S. $ in Milan 882.20-60.

Sterling in Milan 1537.00-1537.50.

EURO-CURRENCY INTEREST RATES*

Sept. 6	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	W. German Mark
Short term	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Euro-French deposit rates: [illegible]

Long-term Eurodollar deposits: [illegible]

The following nominal rates were quoted for London dollar certificates on deposit: [illegible]

* Rates are nominal closing rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs.

GOLD MARKETS

[illegible]

FOREIGN EXCHANGE

[illegible]

OTHER MARKETS

[illegible]

FORWARD RATES

[illegible]

هكذا من الأصل

FARMING AND RAW MATERIALS

...olence ...rces jute ...k-out

Our Own Correspondent

CALCUTTA, Sept. 6

...ER INDIAN jute mill ...lared a lockout, bringing ... to 14 mills closed. This ... effective closure of 30 ... of installed capacity ... industry. The cause of the ... ckout is labour violence. ... is the first lockout in a ... since the Left Front ... power. It was due to ... and disorder in the mill ... started by workers who, ... to the police, raided ... destroyed furniture ... aulted four members of ... agement. One of the ... mill officers is in a ... condition.

...olice said the cause of ... ble was the refusal of ... agement to provide work ... at 400 casual workers on ... ands that there was not ... raw jute to employ extra ... The workers did not ... hic and became violent.

Bangkok, meanwhile, ... reports that the Thai ... ment has banned exports ... kinds of kenaf except ... products, to prevent a ... shortage.

... produced about ... tonnes of Kenaf in 1973- ... production has decreased ... ly since and is expected ... between 250,000-350,000 ... in the 1977-78 season ... to Foreign Trade ... ent officials.

... than 47,000 tonnes of ... has been exported this ... ostly to the U.S., Egypt, ... nd Poland, according to ... released by the Thai ... Trade.

...ina buys ...panese ...minium

TOKYO, Sept. 6.

... HAS contracted to buy ... tonnes of refined alumi- ... from Japan for August-to ... shipments, industry ... said.

... on Light Metal company ... sold about 10,000 tonnes ... at prices slightly below ... a tonne cif.

... remainder comprised ... tonnes sold by Sumitomo ... ium, 5,000 tonnes by ... Denko Kaisha, 5,000 ... by Mitsubishi Light Metal ... 000 tonnes by Mitsui ... ium Industry.

...'s aluminium exports, in- ... those to China, are ... to be boosted to about ... tonnes this year to double ... year's level. Japanese ... are seeking to increase ... and reduce stocks which ... about 240,000 tonnes at ... of July—an unprece- ... high level.

New bankruptcy shakes Brazil coffee trade

BY SUE BRANFORD

SAO PAULO, Sept. 6.

ANOTHER BRAZILIAN coffee exporter — Bracafe — has gone bankrupt, just seven weeks after the collapse of one of the country's largest exporters, Leite Barreiros.

Lawyers at Bracafe, which was the 16th largest exporter last year, selling 276,500 bags (60 kilo. each) of green coffee abroad, said: "It proved impossible to maintain the financial equilibrium of the company, since our stocks are now worth 50 per cent. less than prices paid last March."

Bracafe was known as a cautious and honest firm. Its bankruptcy has created a climate of tension among exporters in Santos, Brazil's main coffee exporting port.

One trader said: "We are afraid that this bankruptcy could start a chain of reactions with other firms in an identical situation also being forced into bankruptcy."

The Brazilian authorities are likely to provide some form of financial assistance. Sr. Angelo Calmon de Sa, Minister of Trade and Industry, said: "Something can and must be done to help honest firms in difficulties."

Dr. Camillo Calazans, president *of the Brazilian Coffee Institute*, who is just back from the Nairobi executive Board meeting of the International Coffee Organisation, said all *the African producers* present supported the idea of creating an international price stabilisation fund. "There was *no contrary reaction on the part* of the U.S., which simply requested time to study the proposal." A final decision would *probably be taken at the ICO* meeting in London at the end of the month.

Our Commodities Staff writes: *London dealers thought the news* of Bracafe's collapse was unlikely to have any major repercussions on the world markets. Further *failures* had been widely anticipated following the bankruptcy of Leite Barreiros and most traders feel there may be more *to come*.

The difficulties Brazilian exporters are facing are due to their shipping too much coffee at *inflated prices earlier this year*. As the Government has since slowed shipments almost to a standstill failures of this sort are *not likely to result in international* markets being swamped with coffee.

The usual danger after a trade *bankruptcy* is that a chain of contract defaults could spread the problem through the importing *end of the market*. But that does not arise in this case because the problem is caused by too much coffee at too low a price rather than too little at too high a price.

On the London terminal market trading conditions were extremely quiet and prices were *little changed on the day*. The November position ended the day £10 down at £2,472.5 a tonne.

In Rio de Janeiro, meanwhile Dr. Calazans reiterated that Bazil was not thinking of lowering its minimum export registration *price for coffee* from $3.20 a pound, reports Reuter. But he admitted for the first time the possibility of Brazil reducing its *minimum export price* as soon as overseas roasters started buying again.

The export price was not static *but that this did not mean* a change was being considered. There had not been any alteration in Brazil's coffee export policy.

D Calazans confirmed that Brazil would not reintroduce "special deals" for importers as *it did a few years ago*, or reactivate the more recent "supply contracts." Both these schemes gave discounts to overseas roasters.

He would prefer Brazil not to sell any more coffee this year in order to sell more next year. There was no reason to encourage sales while Brazil had so little coffee.

Feed wheat under pressure

By Our Commodities Editor

FEED WHEAT prices were under pressure again yesterday, with offers of imported wheat at below market prices and continued selling by farmers anxious to dispose *of poor-quality supplies* as quickly as possible.

On the London physical market feed wheat of denatur*able quality lost more than £1* to £77 a tonne. Fair average-quality wheat—which does not meet the present EEC inter*vention standards*—was traded down to £74.50.

This decline was reflected on the home-grown futures *market where the September* position for wheat shed another £1.40 to close at £78.10 a tonne, continuing Monday's *trend*.

In contrast barley futures closed £0.35 up in the September position at £70.60 a *tonne*.

Milling wheat prices remained steady on fears of the bad weather creating a *shortage of good-quality grain*.

Reuter reports from Paris *that the French Wheat Producers'* Association expects *1977-78 soft wheat deliveries* of 14m.-15m. tonnes. This is slightly less than the 15m. tonnes most recently forecast *by the National Cereals Office*.

The relative pessimism of the producers with regard to deliveries results from the *poor yields obtained in some* departments in the Loire Valley because of pest attacks.

In 1976-77 deliveries were *13m. tonnes*.

SWEETCORN CANNING

A giant's stride into the EEC

BY CHRISTOPHER PARKES

THE "JOLLY" Green Giant Company of Minnesota last month opened its first European factory in Labatut, south-west France. It has one eye on the rich sales potential of the EEC and the other on the increasingly stringent and complex controls *on imports of foodstuffs*.

To begin, the plant will can only the firm's range of "sweetcorn"—a special variety of *maize. But there is room in the* factory for at least two more canning lines, and expansion into other products is planned once *the effectiveness of this first* enterprise has been assessed.

The project is at once straightforward and intriguingly sophisticated — a well-homogenised blend of the technocrats' art, the landsman's farming craft, high politics and *le marketing*.

The market for sweetcorn in the EEC is tiny compared with other processed vegetables. But it has one striking attraction in that it is the only one expanding at any speed. In Britain, the Green Giant's biggest market in Western Europe, retail sales are worth about £8.5m. a year. According to Mr. Desmond Cracknell, chairman of Food Brokers, the market should continue to grow 5-10 per cent. a year until at least 1980.

In France and West Germany, where most consumers remain to be weaned off the conviction that *le mais doux* is simply a *fancy* name for pig or cattle food, the scope is much greater.

In the U.K., where sales last year reached 13,000 tonnes, two-thirds of housewives have still not tried the product. In Germany and France, with sales well below half those in Britain, the proportion is much closer to 100 per cent.

Green Giant's equal-shares partner in the enterprise is a huge farming co-operative, CACBA, whose 7,000 farmer-members will this year harvest and market nearly 400,000 tonnes of maize and other cereals for feed, milling, seed and canning.

But before the Americans decided to build the Frs.24m. project in France their scouts scoured what might be termed Europe's corn belt for the best spot. They went as far afield as Hungary and Yugoslavia, and took a long hard look at Italy before settling in France's main maize-growing area. Test plantings have been going on for six years.

All the maize for the factory, which should supply about 60 per cent. of the U.K.'s needs this year, will come from 1,500 hectares of surrounding land sown with drills and hybrid seed imported from America, and sprayed and *harvested* with imported chemicals and equipment.

Potential

Mr. Donald Norris, the firm's director of agronomy, acts as the key link between the farmers and the administration at the factory. Until the operation is running smoothly he will remain in France, with quality controllers and the engineers who established the plant.

Apart from some difficulties with unfamiliar pests like the local wild pigs and deer which have a taste for young maize plants, the crop this year appears to be up to expectations. Yields are 6-6½ tonnes an acre, comparing well with output in the U.S. and Canada. Mr. Norris sees potential in the region for yields of up to 7½ tonnes.

Although there are many obvious advantages in producing the product as close to the market as possible, Green Giant executives say overall production costs in France are about the same as those in the U.S. and Canada.

They are amazed by the high prices for maize prevailing in Europe as a result of EEC policy. But at least they no longer have to contend with import duties and border tariffs.

And there lies one of the main factors which helped the com*pany decide to move into Europe*. It has long and bitter experience of EEC restrictions. Its booming mushroom canneries in *Taiwan and other Far Eastern* centres have been badly affected in recent years by stringent import controls.

These were *imposed largely as* a result of pressure exerted on Brussels by the ailing French canning industry via Paris.

Other American canners—mainly in the fruit business—have been fighting an acrimonious and losing battle for *years against EEC protectionism*

Applying the simplistic but sound principle "If you can't beat 'em . . ." would seem to be *the ideal way for the Green* Giant to retain his toehold in the EEC.

Paris says that if the Community is to be *enlarged* the Common Agricultural Policy will have to be extended more fully to the southern regions of Europe. The principle of Community preference will have to be applied in practice for all vegetable products, and import restrictions on outsiders will have to become even tighter.

There is also the increasing possibility that more Common Market funds will be coming the way of the food processors and growers in the south of the Community.

The 30 per cent. contribution to capital costs paid jointly by the French Government and the EEC farm fund towards this enterprise must be an obvious attraction for any similar projects in the under-privileged south of Europe.

More EEC beet sugar expected this year

BY OUR COMMODITIES STAFF

FRENCH BEET sugar production this year could exceed 3.5m. tonnes compared with 2.7m. last season. *The West German crop* also appears to be markedly heavier than average. In the U.K. the main market factions put output between 900,00 and 1m. tonnes of refined sugar.

The French growers' associa*tion says its crops are in good* condition despite a late start. Rain in August boosted root weights and the final yield could *be as high as 45 tonnes a hec*tare compared with the 41 tonnes last season.

In West Germany recent sampling has shown the average root weight to be 688 grams compared with 604gm. at this time last year and the average of 683gm. in 1963-76.

Sugar content was lower than last year, but then freak weather conditions brought the roots to maturity much earlier than normal. The amount of sugar in the beet will continue to increase up to the harvest, which normally starts at the end of October.

The London terminal market was again stagnant yesterday and the only potential feature in view was to-day's EEC export tender.

● In Washington the U.S. Department of Agriculture warned that recent speculation that China may need to import 1.5m. tonnes of sugar this year should be viewed with caution."

Purchases may exceed 1m. tonnes compared with less than 600,000 tonnes last year, however. So far this year the USDA has confirmed the shipment of 700,000 tonnes to China from Australia, Thailand and the Philippines.

TAIWAN RICE

TAIPEI, Sept. 6.

Taiwan's first rice crop yielded 1.38m. tonnes, 25,000 tonnes below the target and compared with 1.41m. from the first crop last year, the Taiwan Food Bureau said.

Reuter

World use of fertiliser rises 10%

FERTILISER USE increased nearly 10 per cent. after declin*ing the previous season*, the UN Food and Agriculture Organisation says in its annual fertiliser review.

But exports, the most reliable measure of world fertiliser trade, fell 11 per cent. in 1975/76, the *report shows. Even so combined* fertiliser exports of 22.4m. tonnes of nitrogen, potash and phosphate represented about a quarter of the world supply.

World supplies of fertilisers increased only 300,000 tonnes in 1975/76, in the face of large stocks. The modest increase, to 87.3m. tonnes contrasted with increases in supplies of nearly 3m. tonnes in 1974/75, and of 6.5m. tonnes in 1973/74.

Supply changes in 1975/76 included the continued growth of nitrogen *fertilisers* to 42.1m. tonnes but smaller supplies of phosphate (23.8m. tonnes) and of potash (21.5m. tonnes).

Colorado beetles still in Britain

Financial Times Reporter

HIGH WINDS yesterday stranded the Dutch ship loaded with 600 tons of grain infested with Colorado beetle and prevented it from sailing from Gainsborough in Lincolnshire yesterday as ordered by the Ministry of Agriculture.

The ministry said: "The winds have held the tide back and there is not enough water for the ship to get down the River Trent. It could be Friday before conditions are right."

But the ministry assured *anxious Lincolnshire* potato farmers: "As far as we are concerned the Colorado beetles are secure and there is no chance of them *getting out*."

The ship was ordered out of Britain with its infested cargo by mid-night last night.

Late fall hits cocoa prices

BY OUR COMMODITIES STAFF

COCOA FUTURES prices on the London terminal market fell sharply near the close yesterday taking the December position to £2,397.75 a tonne, down £61.25 on the day.

Nearby cocoa opened only a *few pounds* lower but fell quickly in the morning as rumours that 600 tonnes of Cameroons coffee was to be tendered depressed sentiment. By the end of the morning the December quotation had fallen to within £2 of the £40 permissible limit.

Prices held around this level for most of the afternoon, but in late trading one leading broker started selling the spot September position heavily. This encouraged general speculative selling which spilled into the other nearby positions.

Canada wheat for Vietnam

WINNIPEG, Sept. 6.

The Canadian Wheat Board announced the sale of 120,000 tonnes, of red winter wheat to Vietnam.

Shipments under the contract, which calls for No. 1 and/or No. 2 Canadian Western Red Winter wheat, will be made from Pacific Coast ports between October this year and March next year.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

... this trend was reversed with forward metal easing back to around £709. The disappointing opening on Comex prompted a further setback here and the price dipped to £702 before hardening a shade to end at £703.5 on the late kerb. Turnover, 9,550 tonnes.

... ness in the U.S. pushed the price up to $6.220 before it eased slightly to end at $6.210 on the late kerb. Turnover, 1,020 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6270-90	[illegible]	[illegible]	[illegible]
3 months	6210-30	[illegible]	[illegible]	[illegible]
Standard				
Cash	6205-10	[illegible]	[illegible]	[illegible]
3 months	6160-5	[illegible]	[illegible]	[illegible]
Settlem't	6210	[illegible]		
New York			508.00	[illegible]

Tax free trading on commodity futures
The commodity futures market for the smaller investor
April-June Rubber 62.00-62.65

GRAINS

LONDON FUTURES (GAFTA)—Bearish sentiment from country markets weakened wheat futures again yesterday. Values eased £1.00 in the morning with heavy merchant and commercial selling. Losses of £1.75 were recorded in the afternoon ...

WOOL FUTURES

LONDON—Attempted to improve after opening but eased to near Monday night's levels at close, reports Bache.

(Pence per kilo)

RUBBER

COTTON

SOYABEAN MEAL

SUGAR

COFFEE

SILVER

COCOA

MEAT/VEGETABLES

JUTE

PRICE CHANGES

Prices per tonne unless otherwise stated.

U.S. Markets

NEW YORK, Sept. 6.

Cocoa—Ghana spot 244 (249). Bahia spot unquoted. Sept. 192.50 (199.65), Dec. 173.90 (179.90), March 162.30, May 157.10, July 151.50, Sept. 146.65, Dec. 139.25 nom. ...

FINANCIAL TIMES

REUTER'S

DOW JONES

MOODY'S

PALM OIL

Lower copra output likely in Philippines

WASHINGTON, Sept. 6.

BELOW-NORMAL rainfall in the *Philippines is expected to reduce* copra production this year to 2.4m. tonnes from 2.8m. last year, the U.S. Agriculture Department publication, Foreign Agriculture, reports.

Shipments of copra and oil (in terms of oil) are expected to be *down 10 per cent. from last year* at 1.2m. tonnes.

The 1976-77 groundnut crop is expected to rise as much as 10 per cent. from the estimated 1975-76 output of 40,752 tonnes.

Reuter

Big rise in world tea

By Our Own Correspondent

NEW DELHI, Sept. 5.

THE TEA crop harvested in India between January and June totalled 197.6m. kilos, an increase of 20.4 per cent. over the corresponding period last year.

During the same period the world crop rose 67.1m. kilos, much of the gain coming from India, Kenya and Sri Lanka.

Reports from Cochin, South India, say that the change in the market tone continues. Prices there have fallen by more than 50 per cent. since the imposition of an export duty on April 9. The decline in Calcutta was 33 per cent.

U.S. coffee roastings cut

NEW YORK, Sept. 6.

GREEN coffee roasted in the U.S. (including that for soluble production) fell 29 per cent. in the year August 27 to about 9.49m. bags from 13.33m. in the same period last year, according to Gordon Paton.

It said U.S. roastings in the week to August 27 were 32.8 per cent. less than in the same week last year.

Reuter

COMPANY ANNOUNCEMENT

LEGAL NOTICES

No. 002596 of 1977

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of I.C.M. PUBLICATIONS LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 4th day of August 1977, presented to the said Court ...

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STOCK EXCHANGE REPORT

Renewed all-round strength with Gilt gains to 1⅞ and share index advancing 6.3 more to 525.8 after 530.4

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
Aug. 22	Sep. 1	Sep. 2	Sep. 13
Sep. 5	Sep. 15	Sep. 16	Sep. 27
Sep. 19	Sep. 29	Sep. 30	Oct. 11

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

THE UPSURGE in leading equities which had taken the FT 30-Share index up by 88 points in a little over six weeks to Monday's close was taken a stage further yesterday in heightened activity. Prices boiled over in the late trade ahead of to-day's vote on the Government's 12-month rule at the TUC Conference but, after being 10.9 up at 3 p.m., the index ended with a net rise of 6.3 at 525.8—its highest since August 30, 1972 and 17.8 points, or about 3 per cent., off the May 1972 peak since compilation of 543.6.

Yesterday's good performance in equities was, however, outdone by the Gilt-edged market which in index terms had its biggest single-day rise for over three months with a gain of 0.84 to 72.11; this is its highest since mid-December 1972 and convincingly through last May's 31-month high of 71.48. Yield considerations led to a big demand which was centred on long-dated high-coupon issues and, in a market acutely short of stock, resulted in numerous rises of 1½ to 1⅞ in issues maturing in 1984 or later. Undated War Loan put on ⅞ to 32¼. Hopes were still being held of another early reduction in short-term interest rates with the yield on this week's issue of Local Authority loans easing ⅛ per cent. to 7⅞ per cent.

The broad-based advance in equities — rises in FT-quoted issues outnumbered falls by 25-to-2 for the second successive day — was achieved in a trade which, as measured by official markings of 8,832, was at its busiest for six months. Buyers were encouraged by reports, confirmed later, that the Prime Minister would in yesterday's speech at the TUC Conference hint at more tax concessions in response to further moderation in wage settlements, but the late hesitancy indicated by the index closing 4.6 off the day's best showed some slight nervousness about the outcome of to-day's vote. There were isolated dull spots on profit-taking in some of the recent high-fliers, but the undertone generally held extremely firm.

The Oil sector and the 500 share index again moved into fresh high ground in the FT-Actuaries series, while the Industrial group, 214.10, and All-share, 218.34, moved to within 3 per cent. and 5 per cent. respectively of the 1972 record highs.

Long Gilts buoyant

Yield attractions stimulated further good buying of medium and longer-dated British Funds and, with stock becoming progressively more difficult to obtain, sharp rises extending to nearly two points became evident in the after-hours' trading. Part of the demand represented a pent-up business from sources not yet convinced but not also wishing to miss a fall in interest rates as talk of a cut in Minimum Lending Rate on Friday strengthened. The Government broker withdrew his selling price of 13A for supplies of the tap, Treasury 9½ per cent. 1983, and was not established at a higher level, but this failed to dampen enthusiasm for remaining medium/long maturities. While the emphasis remained at the other end of the market, incentive was lacking in the shorts and quotations improved only marginally with the movement being hindered by fresh institutional switching to issues of a longer life. Corporations followed in the wake of the main funds and settled as much as a full point higher.

A small evenly balanced trade made little impact on the investment currency premium which, after hovering between 88¼ and 89¼ per cent., closed slightly firmer on the day at the mean of these two rates. Yesterday's SE conversion factor was 0.7876 (0.7980).

Home Banks eventually surrendered improvements of 5 or so and further reacted to close easier for choice. NatWest ended 3 off at 275p, after 282p, while Lloyds and Midland were both a penny lower at 262p and 342p respectively. Discounts, however, made further progress with Union 17 dearer at 410p and Allen Harvey and Ross 20 to the good at 490p. Brown Shipley jumped 32 to 185p in a thin market among firm Merchant Banks where Hambros added 8 to 215p. Guinness Peat rose 10 more to 220p on further consideration of the good results.

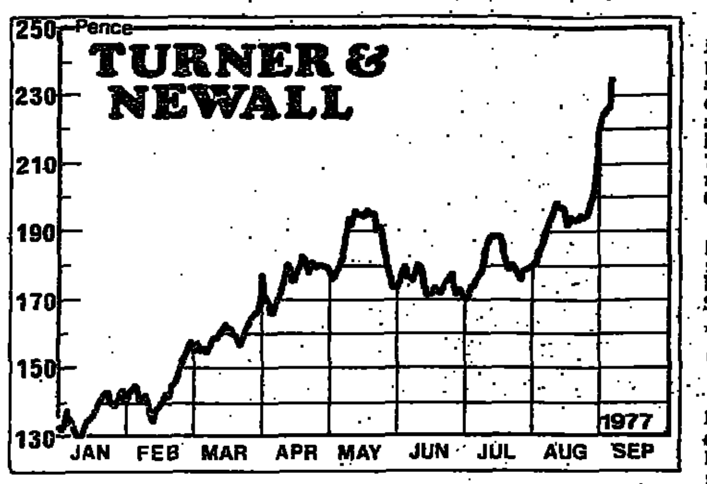
Still drawing strength from a bullish brokers circular, Insurance Life issues continued firmly. Hambro Life were 19 better at 262p and Pearl 16 higher at 240p. C. E. Heath, 22 up at 265p, were outstanding in Brokers, while, among Composites, Guardian Royal Exchange improved 5 to 248p and Sun Alliance hardened 2 to 284p, both in front of their respective interim statements to-day.

Buildings closed below the best in places but the undertone remained extremely firm. AP Cement touched a 1977 peak of 272p before closing 3 higher at 268p, while Richard Costain advanced to 292p on better-than-expected first-half figures prior to finishing 6 better on the day at 284p. Renewed support for International Timber prompted a gain of 12 at 122p, after 125p. Phoenix Timber touched 155p on further speculative buying on bid hopes but reacted to close unaltered at 180p; Pentos which holds a near 25 per cent. stake in the latter, rose 7 to 77p, after 81p. By way of contrast, H. and R. Johnson-Richards Tiles, at 295p, gave up 25 of the previous day's rise of 41, following a Press suggestion that current bid hopes are unfounded.

In active trading, ICI pushed forward to touch a 1977 peak of 428p before profit-taking left a close of 6 higher on the day at 425p. Elsewhere in Chemicals Revertex eased 2 to 80p on the first-half profits downturn.

Decca feature

Press comment on Monday's good preliminary profits saw Decca issues raised to 500p at the start of business, but the shares eventually reacted to close at 470p for the Ordinary and 460p for the A, both a net 30 up. BICC contrasted with a fall of 10 to 127p on disappointment with the interim results. Elsewhere, some leaders came off the top with EMI ending a penny lower at 242p, after 247p, but GEC managed to retain a rise of 4 at 254p, after 256p. Electronic issues made another good showing on bid hopes. Farnell, 225p, Electronic Rentals, 101p, and Louis Newmark, 137p, all gained 7, while Racal stood out with a jump of 14 to 262p. Gains of 10 were seen in Telerentals, 136p, and Dale Electric, 110p.



Leading Stores came away from the highest levels on profit-taking. W. H. Smith A turned down from 740p to close a net 5 lower at 725p, but Gussies A were 3 harder at 306p, after 307p. Secondary issues fared better with Currys, at 192p and Martin the Newsagent, at 200p, 7 and 10 higher respectively. In front of to-day's interim results, J. J. Dewhirst put on 3 more to 57p. Beattie A, on the other hand, shed 3 to 66p on the disappointing half-year profits. In Shoes, Ward White added 6 at 34p, while Garnar Scotblair hardened 2 to 92p reflecting the interim figures.

Leading Engineerings closed mixed following an active trade. In ex-rights form Tubes closed 2 off at 410p, after 416p, while the new nil-paid shares opened at 35p premium and advanced, in busy trading to 69p premium before closing at 67p premium. John Brown ended a penny off at 234p, after 237p but Vickers held up well at 215p, up 4. Secondary issues contained numerous firm features. Hall were favoured at 99p, up 8, while Record Ridgeway and Desoutter Bros. were both similarly better at 92p and 118p respectively. William Cook (Sheffield) added 6 at 25p and, on the higher first-half earnings, Blackwood Hodge closed 4 dearer at 58p. S. W. Wood firmed 6 to 35p as did Rotork, to 150p.

Late profit-taking left Foods below the best in places. J. Lyons improved afresh to 116p before settling at 114p for a rise of 5 on the day and, still reflecting favourable Press mention, Hillards closed 12 higher at 217p, after 220p. United Biscuits advanced 3 more to 176p, while Associated Dairies rose 7 further to 354p. Other noteworthy movements included Wm. Morrison, 8 to the good at 176p, and Pork Farms, 6 dearer at 288p.

Trust Houses Forte continued firmly at 175p, up 8, in Hotels where Prince of Wales advanced 3 to 55p. Wheelers Restaurant moved up 10 to 165p in a restricted market following the chairman's encouraging statement at the annual meeting.

Turner and Newall up

Interim figures well up to best expectations took Turner and Newall up to 238p before a close of a net 8 higher at 235p. The market, however, was not so happy with news of the £40m. rights from BOC International, which eased to 79p prior to ending 1½ lower on the day at 81p following consideration of the dividend and profits forecast. Glaxo extended Monday's rise of 17 with a fresh advance of 13 to 628p, after 632p, and Pilkington were also good again at 488p, up 18. Rises of 10 were scored by Reckitt and Colman, 507p, and Rank Organisation, 250p, while demand in a thin market left De La Rue 30 up at 600p. Beecham eased late to close 2 off at 632p, after 643p. In response to Coalite and Chemical's counter-offer for Charringtons, the latter rose 4 to 66½p. The absence of a full-scale bid induced nervousness in Redfearns, down 8 at 226p, but AAH put on 10 to 200p in response to the proposed 100 per cent. scrip issue. The dividend-boosting rights issue from British Syphon was greeted with a rise of 4 to 75p.

The Motor sections recorded fresh useful gains. Lucas improved further to 328p before settling at 326p for a rise of 4 on balance. Dowty ended 6 higher at 171p, after 174p, and J. Woodhead were supported at 190p, up 7. Rolls-Royce, 74p, and Automotive Products, 100p, rose 4 and 6 respectively.

Against a firm trend in Newspapers, Thomson encountered some profit-taking and, at 605p, lost 20 of the previous day's North Sea-oil inspired gain of 65.

Oil leaders firm

The two Oil majors, although below the best, managed gains extending to 8 as in British Petroleum at 922p, after 926p; the partly-paid closed only 2 better at 380p, after 390p. Shell ended 6 up at 614p, after 618p, but the speculative North Sea issues lost early rises to close generally lower on the day. Oil Exploration fluctuated on the contrasting pull of profit-taking and renewed speculative demand to close 17 off at 300p, after 294p. Siebens (U.K.) ended 4 lower at 328p, after 340p, but the LASMO Stock Units managed to hold a rise of 10 at 385p, after 388p.

The Property sector was additionally enlivened in the late afternoon by the surprise bid for Peachey from Allied London; the terms of 55p cash per Peachey were quickly deemed completely inadequate by Lord Mais, the chairman of the company, and the scent of a battle lifted Peachey 10 to 64p. Allied London closed unaltered at 72p. Elsewhere, the leaders did little outside of Land Securities, which rose 8 to 213p. Gains of 8 were seen in Haslemere, 234p, and Hammerson A, 548p, while British Anzani improved 2 to 15p in response to Press comment.

Useful gains in Overseas Traders took in Booker McConnell, 7 higher at 280p, and T. Borthwick, 6 up at 87p.

Renewed buying left Trusts with fresh widespread gains. In Financials, Dalgety were outstanding at 323p, up 15, along with S. Pearson, 10 to the good at 183p, but Edinburgh Industrial Holdings dipped to 14p before rallying to close only ½ down on balance at 16p following news that the Stock Exchange is starting an investigation into recent share dealings in the company.

Shippings ended below the best with P & O 7 dearer at 158p, after 161p.

Textiles continued in demand and the Carpet sector was noteworthy for some useful gains. Carpets International moved up 3 to 74p, while Homfray firmed 4 more to 58p. Fresh interest was shown in Youghal, up 4 further at 61p, ahead of Friday's results. Blackwood Morton at 18½p, recovered 2½ of the previous day's reaction of 8 which followed the sharp fall in annual profits. Elsewhere, Courtaulds ended 4 dearer at 127p, after 129p. Sirdar advanced 5 to 45p and Hicking Pentecost 8 to 77p.

Golds strong again

South African Golds made further headway inspired by persistent buying orders from most quarters and in particular the Cape, despite the 50 cents decline in the bullion price to $147.375 per ounce in front of to-day's International Monetary Fund gold auction.

Share prices were additionally sustained by the improvement in the arbitrage rate and the higher investment currency premium. The Gold Mines index rose a further 3.4 to 119.9—a gain of 8.8 over the past three trading days and its highest level since August 10.

South African Financials also gained ground across a broad front with Union Corporation particularly favoured at 245p, an improvement of 10 in front of the interim results.

London-registered Financials again mirrored the buoyancy of U.K. Industrials with Rio Tinto-Zinc 11 higher on balance at 232p, after 233p; the half-year results are expected at the end of the month. Charter and Gold Fields were both around 5 up at 136p and 173p respectively.

The good performance in overnight home markets and the rise in the premium enabled Australians to move ahead. MIM Holdings advanced 7 to 150p in response to the increased dividend and sharply higher profits.

Elsewhere, in Coppers Messina were subject to a strong Cape demand and closed 8 firmer at 130p, after 132p, while in Tins Gopeng rose 7 more to a 1977 high of 265p following news of its new Malaysian tin project. Reflecting a demand in Canada Pacific Copper closed 12 up at 120p.

FINANCIAL TIMES STOCK INDIC

	Sept. 6	Sept. 5	Sept. 2	Sept. 1	Aug. 31	Aug. 30
Government Secs	72.11	71.27	70.93	70.91	70.89	70.5
Fixed Interest	71.74	70.99	70.75	70.66	70.78	70.4
Industrial Ordinary	525.8	519.5	507.5	499.1	500.9	490.
Gold Mines	119.9	116.5	112.1	111.1	111.9	109.
Ord. Div. Yield	4.98	4.93	5.16	5.20	5.19	5.2
Earnings Y'ld% (full) (*)	14.72	14.62	15.29	14.75	14.72	14.9
P/E Ratio (net) (*†)	9.79	9.86	9.45	9.80	9.82	9.6
Dealings marked	8,832	6,785	7,653	5,592	5,041	4.89
Equity turnover £m	—	122.13	111.69	102.29	85.82	55.4
Equity bargains total	—	23,043	20,100	19,337	15,558	10,71

10 a.m. 520.2. 11 a.m. 526.1. Noon 526.0. 1 p.m. 529.4. 2 p.m. 530.4. 3 p.m. 529.0.
Latest Index 01-246 8026.
* Based on 52 per cent. corporation tax. † Nil=9.72.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/ Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1977 High	1977 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	72.11 (6/9)	60.45 (4/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	71.74 (6/9)	60.49 (4/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	525.8 (6/9)	357.6 (13/1)	543.6 (19/5/72)	49.4 (26/6/40)
Gold Mines	137.4 (7/5)	95.1 (1/2)	442.3 (24/5/75)	43.5 (26/10/71)

S.E. ACT

	Sept. 6
—Daily	
Gilt-Edged	195.7
Industries	323.2
Speculative	48.1
Totals	20.1
5-day Av'rage	
Gilt-Edged	153.9
Industrials	245.5
Speculative	37.0
Totals	154.0

OPTIONS TRADED

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Sep. 13	Sep. 26	Dec. 6	Dec. 19
Sep. 27	Oct. 10	Dec. 20	Jan. 10
Oct. 11	Oct. 24	Jan. 11	Jan. 24

For rate indications see end of Share Information Service

Stocks to attract money for the call included Burmah Oil, Capital and Counties, MEPC, Polymark, Adda International, Allied Polymer, Youghal Carpets, BP partly-paid, Campari, Burton Lloyds Bank, Tecalem Transport, Rush and T National Carbonising hall, Wm. Press, Paringa, Lonrho, Ro Charringtons Industrial Geo. Wimpey, Pleasura Beecham and Ancher NatWest Warrants were for the put, while doubl were arranged in Ch Tricentrol, Premier Oil, Tecalemit, BP partly-pa West Warrants and Pe

NEW HIGHS AND LOWS FOR 19

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1977.

NEW HIGHS (614)

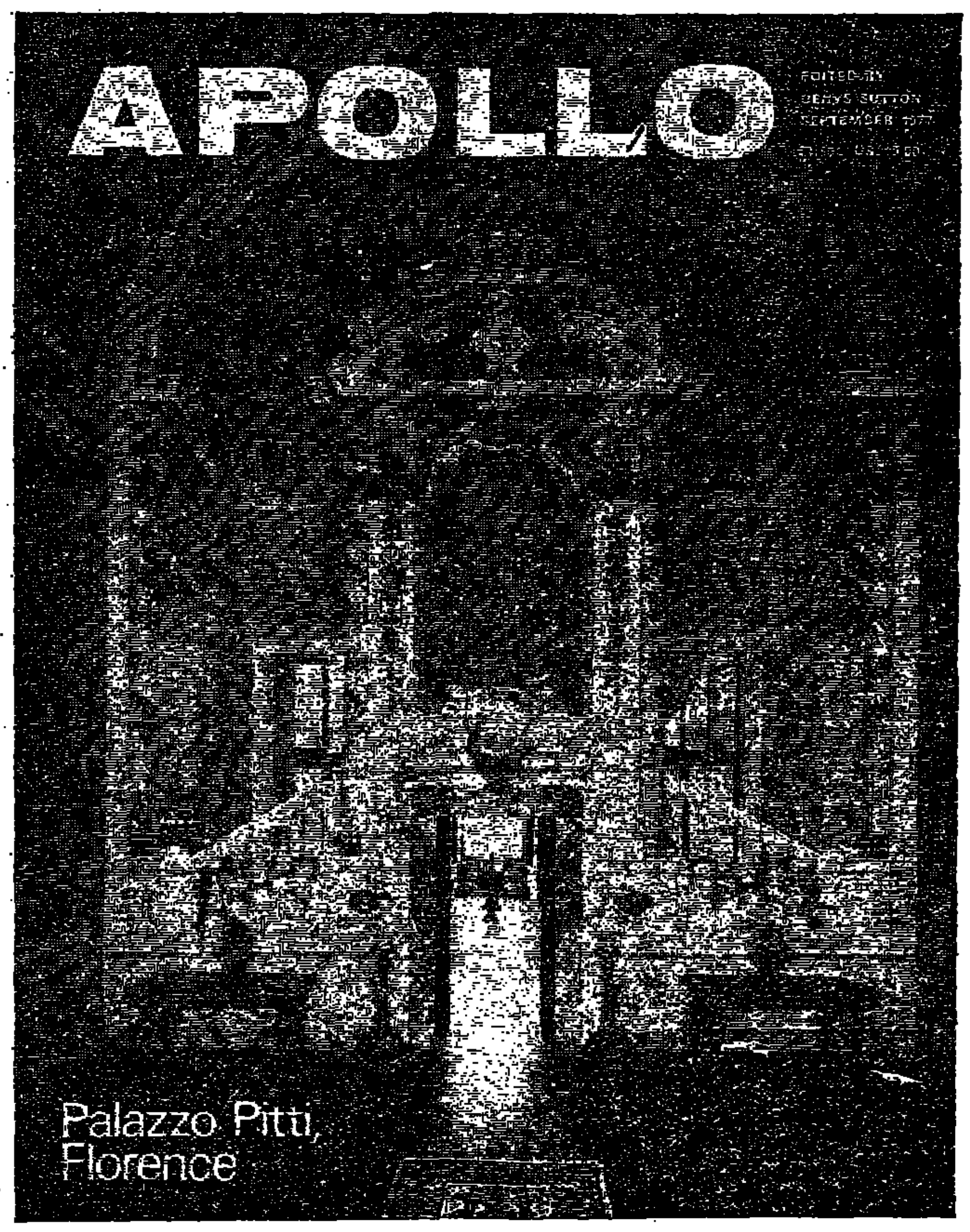
BRITISH FUNDS (19)
CORPORATION LOANS (7)
COMMONWLTH. & AFRICAN LOANS (1)
LOANS (MISCELLANOUS) (4)
FOREIGN BONDS (1)
BANKS (26)
BEERS (15)
BUILDINGS (49)
CHEMICALS (13)
CINEMAS (4)
DRAPERY & STORES (37)
ELECTRICALS (26)
ENGINEERING (57)
FOODS (27)
HOTELS (10)
INDUSTRIALS (135)
INSURANCE (26)
MOTORS (17)
NEWSPAPERS (7)
PAPER & PRINTING (11)
PROPERTY (33)
SHIPBUILDERS (1)
SHIPPING (2)
SHOES (3)
SOUTH AFRICANS (1)
TEXTILES (14)
TOBACCOS (4)
TRUSTS (43)
OILS (6)
OVERSEAS TRADERS (5)
RUBBERS (1)
TEAS (2)
MINES (6)

NEW LOWS (4)

TEXTILES (1)
Mackinnon Scotland
TRUSTS (1)
Edinburgh Ind. Hldgs.
MINES (2)
Bishopsgate Plat. Ayer Hita

RISES AND FA YESTERDA

	Up
British Funds	61
Corpns. Dom. and Foreign Bonds	22
Industrials	835
Financial and Prop.	348
Oils	16
Plantation	15
Mines	74
Recent Issues	22
Totals	1,393



RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1977 High	1977 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
d45	300	15/12	385	347	BP (RLA's)Empl.	380	+2	[illegible]	1.4	3.3	3.3
60	F.P.	12/8	98	101½	City Hotels 10p	95	......	F3.9	-	6.3	8.7
155	F.P.	18/8	192	162	LASMO	190	+2	-	—	—	—
[illegible]	F.P.	—	31	25	Riley (E.J.) 10p	25½	......	F2.5	—	16.1	

FIXED INTEREST STOCKS

Issue Price	Amount Paid up	Latest Renunc. Date	1977 High	1977 Low	Stock	Closing Price £	+ or −
$100	F.P.	—	$100¾	$100½	Barclays O'seas 8½% 1992	$100½	+¼
$100	F.P.	—	$99¼	$99	Beecham Fin. 6½% Bds. 1992	$99¼	+¼
£97½	£50	22/9	56	51	Birmingham (City of) 12½% Red. 1985	56	+½
£97½	£50	13/10	56¼	49½	Burnley 13% Red. 1987	56	—1
••	£10	14/10	11¾	10¼	Cambridge Water 8½% Red. 1982	11	
::	F.P.	2/9	46½p	22½p	Cavenham 10% Cum. Pref.	85½pm	+3
£98	£10	4/11	12	11⅛	City of Bristol 13% Red 1985	11⅛	......
£97½	F.P.	19/8	97⅝	97⅜	Do. Variable Rate 1982	97⅝	......
£99	£10	14/10	10¼	9¾	Colne Valley Water 8% Red. Pref. '84	10¼	......
£100	F.P.	—	100¼	100	Dudley (Met. Borough) Float Rate 1982	100¼	......
—	F.P.	10/10	54	50	Findhorn Finance 8½% Ln. 89/91	54	......
—	F.P.	10/10	102	99½	Do. 17½% Ln. 1985	102	......
$100	F.P.	9/9	$100	$98¾	Fisons Intl. N/V 8½% 1992	$99¼	......
£100	F.P.	2/9	105	103	G.T. Japan 8½% Conv. '87	105	+2
$100	F.P.	—	$97½	$96⅝	I.C.I. Int. Fin. 6⅞% Bds. '97	$97½	......
£97½	£10	—	15⅞	10¾	Liverpool (City of) 13% 1985	15⅞	+⅝
£100	F.P.	—	11.	100½	Mathesons Inv. 7½% Conv. £/BK 88/92	102	......
—	F.P.	—	$100¼	$100¼	Midland Int. Finance 8¼% Ord. 1992	$100¼	......
$99	F.P.	—	$98½	$97¾	Nat. Coal Bd. 8% Bds. '87	$98½	+¼
£100	F.P.	—	100¼	100	Oldham (Met. Borough) Float Rate 1982	100¼	......
£100	F.P.	—	95	82½	Renwick 10% Conv. Pref.	95	......
£97½	£50	3/11	55⅞	50⅝	Sandwell (Met. Borough) 11½% Red. Stk. 1985	55⅞	+⅝
F.P.	—	—	98	91½	Selection Trust 8¾% 1994	98½	+¼
::	F.P.	30/9	115	95	Single 12¼% 2nd Cum. Pref.	113	......
::	F.P.	30/9	115	28	Do. 10% Conv. Uns. Ln. 1984	95	......
£99¼	£50	28/10	53½	47⅞	Sunderland 12½% Red. '84	52½	+¾
	F.P.	25/11	66½	65	Swire (John) 6.3% Pref.	66½	+1½

"RIGHTS" OFFERS

Issue Price p	Amount paid up	Latest Renunc. Date		1977 High	1977 Low	Stock	Closing Price p	+ or −
$14¼	nil	—	—	17pm	15pm	Bank of Montreal	16pm	......
375	F.P.	26/8	7/10	468	455	British Sugar	468	+3
53	F.P.	19/8	16/9	82	60	Ferguson Inds.	82	+3
45	F.P.	19/8	30/9	67	48	Fitch Lovell	67	+2
53	F.P.	5/8	16/9	69½	65	Inveresk Group	68½	+2½
110	F.P.	17/8	30/9	185	128	Ladbroke	185	+3
135	F.P.	19/8	16/9	195	161	Powell Duffryn	195	+9
45	F.P.	22/8	15/9	66	1½	Priest (Benjamin)	66	......
40	F.P.	3/9	23/9	61	45	Rotaflex	48	—½
65	F.P.	22/8	5/10	95	[illegible]	Sheepbridge Eng.	95	+3
350	nil	—	—	65pm	63pm	Tube Invs.	68pm	......
24	nil	—	—	14pm	7pm	Wadham Stringer	10pm	+2½
35	F.P.	19/8	9/9	109	96	Walker (J. & W.)	108	+2
100	F.P.	2/9	22/8	115	100	Ward White 10% Cnv. Prf.	115	+4

Renunciation date usually last day for dealing free of stamp duty. d Placing price to public. b Figures based on prospectus estimate. d Dividend rate paid or payable on part capital; cover based on dividend on full capital. p ••• Pence unless otherwise indicated. a Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1977-78. o Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividends. ** Issued by tender. ❖ Offered to holders of Ordinary shares as a "rights." ♥ 290 S Afr. cents. ‡ Rights by way of capitalisation. ¶ Minimum tender price. ● Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ♣ Introduction. ♠ Issued to former Preference holders. ■ Allotment letters (or fully-paid). • Provisional or partly-paid allotment letters. ‡ With warrants. ⊕ After suspension.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1977 high	1977 low
ICI	£1	21	425	+ 6	428	325
Shell Transport	25p	19	614	+ 6	618	434
BATs Defd.	25p	18	240	+ 8	260	202
Barclays Bank	£1	14	318	—	323	228
Marks & Spencer	25p	14	160	+ 2	161	86
BP (Partly-paid)	£1	13	380	+ 2	393	347
Distillers	50p	12	183½	+ 4½	183½	120
GEC	25p	12	254	+ 4	256	163
Rank Org.	25p	12	250	+10	250	128
Glaxo	50p	11	628	+13	632	401
NatWest	£1	11	275	− 3	280	205
P & O Defd.	£1	11	158	+ 7	175	120
RTZ	25p	11	232	+11	247	173
Assoc. P. Cement	£1	10	268	+ 3	272	153
Royal Insurance	25p	10	402	+10	402	280

FT—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Act and the Faculty of Actuaries

	EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues., Sept. 6, 1977 Index No.	Day's Change %	Est. Earnings Yield% (Max.) Corp. Tax 52%	Gross Div. Yield% (ACT at 34%)	Est. P/E Ratio (Net) Corp. Tax 52%	Mon. Sept. 5 Index No.	Fri. Sept. 2 Index No.	Thurs. Sept. 1 Index No.	Wed. Aug. 31 Index No.
1	CAPITAL GOODS (174)	217.67	+1.9	15.62	5.08	9.29	213.62	208.58	206.13	206.11
2	Building Materials (28)	195.82	+3.0	15.68	5.38	9.15	190.21	186.54	184.21	181.46
3	Contracting, Construction (25)	328.18	+2.6	16.15	3.69	9.28	319.77	311.57	304.76	299.39
4	Electricals (16)	452.48	+0.7	13.91	3.70	10.44	449.38	436.16	425.99	432.74
5	Engineering (Heavy) (10)	315.26	+1.5	18.67	4.62	7.42	310.73	305.06	305.59	305.15
6	Engineering (General) (67)	180.44	+2.1	16.12	5.96	9.09	176.68	172.81	172.19	172.88
7	Machine and Other Tools (9)	103.10	+0.8	21.45	6.22	6.80	102.30	100.41	98.88	97.71
8	Miscellaneous (19)	170.57	+1.9	15.85	6.90	8.90	167.32	163.30	163.51	162.66
	CONSUMER GOODS									
11	(DURABLE) (54)	208.48	+2.5	14.62	4.16	9.97	203.42	198.16	196.24	196.63
12	Lt. Electronics, Radio TV (15)	252.87	+2.6	12.98	3.02	11.19	246.42	238.56	237.50	239.57
13	Household Goods (12)	185.64	+2.3	17.15	6.29	8.02	181.43	178.34	178.06	177.75
14	Motors and Distributors (27)	126.24	+2.3	16.63	5.46	8.93	123.39	121.03	118.71	118.51
	CONSUMER GOODS									
21	(NON-DURABLE) (172)	200.45	+1.9	14.44	5.36	10.20	196.79	190.80	189.50	189.82
22	Breweries (15)	206.99	+3.0	14.04	6.00	10.77	200.95	194.23	191.67	190.23
23	Wines and Spirit (6)	237.73	+2.4	14.02	5.31	10.99	232.25	227.72	226.61	225.97
24	Entertainment, Catering (16)	248.97	+1.2	13.52	6.61	11.25	246.03	237.08	234.37	233.88
25	Food Manufacturing (21)	200.72	+2.5	19.54	5.13	7.49	195.84	190.74	190.12	189.44
26	Food Retailing (17)	211.46	+2.4	12.57	4.45	11.39	206.54	202.68	202.27	202.17
32	Newspapers, Publishing (14)	332.05	−0.7	9.53	3.55	15.96	334.49	315.09	312.63	309.32
33	Packaging and Paper (14)	141.10	+1.2	16.44	6.22	9.15	139.48	135.12	135.23	133.96
34	Stores (36)	189.55	+0.9	9.45	4.04	17.24	187.90	182.35	180.38	182.90
35	Textiles (25)	175.94	+1.8	19.45	7.28	7.05	172.79	167.07	167.35	167.22
36	Tobaccos (3)	240.01	+3.2	19.78	7.50	6.76	232.53	224.12	222.96	222.96
37	Toys and Games (5)	113.70	+3.8	18.72	5.54	7.32	109.58	108.47	110.03	108.67
	OTHER GROUPS (98)									
42	Chemicals (27)	285.58	+1.3	13.97	4.87	10.00	281.95	280.14	277.21	278.95
44	Office Equipment (6)	130.44	+4.3	17.42	4.38	7.66	125.04	121.66	120.94	121.65
45	Shipping (10)	524.52	+3.5	14.84	5.42	8.76	506.72	496.70	494.48	495.32
46	Miscellaneous (53)	209.20	+1.7	14.13	6.37	10.22	205.70	199.97	198.91	197.58
49	INDUSTRIAL GROUP (496)	214.10	+1.9	14.70	5.20	9.84	210.13	204.99	203.24	203.53
51	Oils (4)	533.02	+0.9	13.04	3.50	9.32	528.25	522.09	519.06	511.42
59	500 SHARE INDEX	240.22	+1.7	14.43	4.93	9.75	236.14	230.86	228.99	228.78
61	FINANCIAL GROUP (100)	164.88	+1.8	—	5.10	—	162.02	156.10	152.50	150.83
62	Banks (6)	184.09	−0.4	26.73	5.49	5.72	184.98	176.35	165.07	158.21
63	Discount Houses (10)	208.80	+3.7	—	7.73	—	201.41	194.40	194.51	192.92
64	Hire Purchase (5)	152.54	−0.2	11.21	4.89	13.31	152.87	146.86	149.98	146.03
65	Insurance (Life) (10)	132.21	+4.3	—	6.12	—	126.74	119.50	119.98	118.60
66	Insurance (Composite) (7)	134.71	+1.7	—	5.60	—	132.42	128.73	127.41	127.77
67	Insurance Brokers (10)	361.49	+3.4	11.55	3.73	12.79	349.44	344.83	347.45	354.99
68	Merchant Banks (14)	81.13	+4.8	—	5.64	—	77.44	73.55	71.49	70.75
69	Property (31)	222.46	+1.3	2.88	2.67	69.20	219.65	211.31	205.96	204.66
70	Miscellaneous (7)	101.65	+5.7	21.34	7.39	6.53	96.15	95.44	95.72	95.92
71	Investment Trusts (50)	178.39	+3.1	3.24	4.85	30.89	173.08	170.10	169.48	168.67
81	Mining Finance (4)	102.33	+3.9	15.09	5.31	7.83	98.45	95.91	94.87	96.07
91	Overseas Traders (18)	289.88	+2.9	14.65	6.33	9.00	280.94	279.66	279.26	281.95
99	ALL-SHARE INDEX (672)	218.34	+1.9	—	4.98	—	214.37	209.20	207.05	206.54

FIXED INTEREST PRICE INDICES

	British Government	Tues. Sept. 6	Day's change %	xd adj. To-day	xd adj. 1977 to date
1	Under 5 years	108.90	+0.10	—	6.64
2	5-15 years	117.80	+1.25	—	6.68
3	Over 15 years	118.88	+1.75	—	8.80
4	Irredeemables	130.16	+1.92	—	9.02
5	All stocks	114.62	+0.97	—	7.52

FIXED INTEREST YIELDS Br. Govt. Av. Gross Red.

			Tues. Sept. 6	Mon. Sept. 5
1	Low Coupons	5 years	6.31	6.40
2		15 years	10.52	10.74
3		25 years	11.44	11.66
4	Medium Coupons	5 years	9.69	9.78
5		15 years	11.51	11.73
6		25 years	11.90	12.14
7	High Coupons	5 years	10.01	10.07
8		15 years	12.61	12.86
9		25 years	12.74	12.98
10	Irredeemables		12.74	12.98

		Tuesday, Sept. 6 Index No.	Tuesday, Sept. 6 Yield %	Monday Sept. 5	Friday Sept. 2	Thurs. Sept. 1	Wed. August 31	Tuesday August 30	Friday August 26	Thurs. August 25
15	20-yr. Red. Deb. & Loans (15)	54.95	†13.60	54.59	54.56	54.56	54.43	54.37	54.36	54.3
16	Investment Trust Prefs. (15)	51.65	13.68	51.19	51.16	51.16	51.11	51.11	51.11	51.07
17	Coml. and Indl. Prefs. (20)	70.95	12.99	69.91	69.75	69.66	69.61	69.77	69.67	69.44

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Sa issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, C Street, London, EC4, price 13p, by post 22p.

AUTHORISED UNIT TRUSTS

Confederation Funds Mgt. Ltd.♥ (a)
50 Chancery Lane, WC2A 1HE 01-242 0282

Growth Fund	35.0	36.2	+2.6	4.82

Cosmopolitan Fund Managers.
Copthall Ave., London EC2R 7JX 628 9222

Cosmopoln. Gth. Fd.	15.7	16.9	+0.4	4.90

Crescent Unit Tst. Mgrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3. 031-226 4931

Crescent Growth	28.3	30.4	+0.7	3.14
Cres. Internat'l.	47.5	50.9	+1.0	2.46
Cres. High. Dist.	41.1	44.1	-0.9	7.27
Cres. Reserves	40.5d	43.7	+0.9	3.21

Discretionary Unit Fund Managers
22, Blomfield St., EC2M 7AL. 01-638 4485

Disc'd. Sept. 2	139.0	148.3	.....	5.35

E. F. Winchester Fund Mngt. Ltd.
Old Jewry, EC2 01-606 2167

Great Winchester	16.8	18.3	.....	6.38
Gt. Winch'er O'seas	17.2	18.7	.....	5.84

Emson & Dudley Tst. Mngmt. Ltd.
20, Arlington St., S.W.1. 01-499 7551

Emson Dudley Tst.	62.7	67.3	.....	5.1

Equitas Secs. Ltd.♥(a)(g)
41 Bishopsgate, EC2 01-588 2851

Progressive	55.1	58.7	+1.4	4.35

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	67.6	71.1	+2.0	3.93

OFFSHORE AND OVERSEAS FUNDS

INSURANCE, PROPERTY, BONDS

Schroder Life Group♥
Enterprise House, Portsmouth 0705 27733

Flex. Aug. 30	121.5	128.0	..	—
Equity Aug. 18	218.5	—	..	—
Equity 2 Aug. 30	205.8	216.7	....	—
Prop. Aug. 30	137.6	145.0	..	—
Fixed Int. Aug. 30	130.9	137.9	..	—
Money Fund	104.3	109.9	..	—
Deposit Aug. 30	110.5	116.4	....	—
Pens. Cps. Aug. 30	174.0	183.3	..	—
Pen. Acc. Aug. 30	200.9	211.6	....	—
Exec. Pen. Cap.	114.70		..	—
Exec. Pen. Acc.	121.45	+0.24	....	—
Individual Life Funds				
Fixed Interest	144.3	152.0	+2.9	—
Equity	115.8	122.0	+4.8	—
Property	133.4	140.5	+0.3	—
Managed	136.7	144.0	+3.5	—
Money	114.0	120.1	+0.1	—
K. & S. Gilt Bds.	140.1	143.1	+4.2	—
K. & S. Govt. Sec.	118.4	124.7	+3.7	—
Commodity UT	96.4	101.6	+2.0	—
Growth UT	121.1	127.6	+2.6	—
Capital UT	116.6	122.7	+2.0	—
Income UT	136.6	143.9	+2.7	—
International UT	125.5	132.2	+7.6	—

Scottish Widows' Group
PO Box 902, Edinbrgh, EH16 5BU 031-655 6000

Inv. Ply. Series 1	97.3	97.3	....	—
Inv. Ply. Series 2	95.6	100.0	.	—
Inv. Cash F. Sept. 1	95.0	100.0	.....	—
Ex. Ut. Tr. Aug. 31	124.4	129.7	....	—
Mgd. Pens. Aug. 31	228.2	234.3	....	—

Windsor Life Assur. Co. Ltd.
1 High Street, Windsor. Windsor 68144

Life Inv. Plans	61.0	64.3	.....	—
FutureAssd Gth(a)		12.0	.....	—
FutureAssd Gth(b)		43.0	.....	—
Ret. Assd. Pens.		£22.91	..	—
Flex. Inv. Growth	97.4	102.5	.....	—

BASE LENDING RATES

A.B.N. Bank	8 %	■ Hill Samuel	§ 8 %
Allied Irish Banks Ltd.	8 %	C. Hoare & Co.	† 8 %
American Express Bk.	8 %	Julian S. Hodge	9 %
Amro Bank	8 %	Hongkong & Shanghai	8 %
A P Bank Ltd.	8 %	Industrial Bk. of Scot.	8 %
Henry Ansbacher	8½%	Keyser Ullmann	8 %
Banco de Bilbao	8 %	Knowsley & Co. Ltd.	9½%
Bank of Credit & Cmce.	8 %	Lloyds Bank	8 %
Bank of Cyprus	8 %	London & European	9½%
Bank of N.S.W.	8 %	London Mercantile	8½%
Banque Belge Ltd.	8 %	Midland Bank	8 %
Banque du Rhone S.A.	8½%	■ Samuel Montagu	8 %
Barclays Bank	8 %	■ Morgan Grenfell	8 %
Barnett Christie Ltd.	8½%	National Westminster	8 %
Bremar Holdings Ltd.	9 %	Norwich General Trust	8½%
Brit. Bank of Mid. East	8 %	P. S. Refson & Co.	8 %
Brown Shipley	8 %	Rossminster Accept'cs	8 %
Canada Permanent AFI	8 %	Royal Bk. Canada Trust	8 %
Capitol C & C Fin. Ltd.	9 %	Schlesinger Limited	8 %
Cayzer Ltd.	8½%	E. S. Schwab	9½%
Cedar Holdings	9 %	Security Trust Co. Ltd.	9½%
Charterhouse Japhet	7½%	Shenley Trust	11½%
E. Coates	9 %	Standard Chartered	8 %
Consolidated Credits	8 %	Trade Dev. Bank	8 %
Co-operative Bank	* 8 %	Trustee Savings Bank	8 %
Corinthian Securities	8 %	Twentieth Century Bk.	9½%
Credit Lyonnais	8 %	United Bank of Kuwait	8 %
Duncan Lawrie	§ 8 %	Whiteaway Laidlaw	8½%
Eagil Trust	8 %	Williams & Glyn's	8 %
English Transcont.	9 %	Yorkshire Bank	8 %
First London Secs.	8 %		
First Nat. Fin. Corpn.	9 %		
First Nat. Secs. Ltd.	9 %		
Antony Gibbs	8 %		
Guide Durrant Trust	8 %		
Greyhound Guaranty	8 %		
Grindlays Bank	‡ 8 %		
Guinness Mahon	8 %		
Hambros Bank	8 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 4%. 1-month deposits 4¼%.
† 7-day deposits on sums of £10,000 and under 4%, up to £25,000 4¼%, and over £25,000 5¼%.
‡ Call deposits over £1,000 4%.
§ Demand deposits 5%.
¶ Rate also applies to Sterling Ind. Secs.

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. ø Suspended. ◆ Yield before Jersey tax. † Ex-subdivision.

INSURANCE BASE RATES

† Property Growth	8¼%
Cannon Assurance	4¾%

† Address shown under Insurance and Property Bond Table

CORAL INDEX: Close 524-529
CORAL INDEX: Close 519-524 NT

CLIVE INVESTMENTS LIMITED
1 Royal Exchange Ave., London EC3V 3LU. Tel: 01-283 1101
Index Guide as at 31st August, 1977 (Base 100 at 14.1.77)

Clive Fixed Interest Capital	118.73
Clive Fixed Interest Income	108.08

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1977 High	Low	Stock	£	+ or −	Yield Int.	Red.
99½	93⅞	Treasury 3pc '77‡‡	99⅝	+⅛	3.02	6.19
99¼	94⅛	Transport 4pc '72-77	99¼	+⅛	4.03	6.61
101⅜	95⅝	Treasury 9pc 1978‡‡	101⅛xd	−⅛	8.90	6.95
102⅜	97¾	Treasury 10½pc '78‡‡	102¾	−⅛	10.22	7.07
98⅜	90⅞	Exch. 5pc '76-78‡‡	98⅜xd	....	5.08	6.60
105	95⅞	Treasury 11½pc '79‡‡	105xd	....	10.95	7.94
96½	84⅞	Treasury 3pc '79‡‡	96½xd	+⅛	3.11	4.83
96⅝	85⅛	Electric 4¼pc 74-79	96⅝xd	+⅛	4.39	6.16
103⅞	92	Treasury 10½pc '79‡‡	103⅞	..	10.11	8.45
95¼	84⅞	Electric 3½pc 76-79	95⅛	+⅛	3.68	5.89
101	87¾	Treasury 9pc 1980‡‡	101xd	+⅛	8.91	8.36
101⅛	88⅝	Treasury 9½pc '80‡‡	101⅛	+⅛	9.35	8.81
94½	82⅞	Treasury 3½pc '77-80	94⅛	+⅛	3.72	5.82
95¾	83⅛	Funding 5¼pc '78-80‡‡	95⅛	+⅛	5.52	7.21
109⅛	96⅛	Exchequer 13pc 1980‡‡	108⅞	−⅛	11.93	9.66
105⅛	92	Treasury 11½pc 1981‡‡	105¼	−⅛	10.93	9.60
93⅛	77⅞	Treasury 3¼pc 1979-81	93	−⅛	3.76	5.76
101½	86⅞	Treasury 9¾pc 1981‡‡	100⅞xd	+⅛	9.66	9.47
99½	97½	Exch. 9¾pc 1981	99½	+⅛	9.54	9.63
98¾	97⅛	Treas. Variable '81	97⅝	−¼	—	—
110⅛	96¼	Exch. 12¾pc 1981‡‡	109½	+⅛	11.64	9.89

Five to Fifteen Years

Over Fifteen Years

Undated

**INTERNATIONAL BANK

**CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS (Miscel.)

FOREIGN BONDS & RAILS

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

AMERICANS—Continued

1977 High	low	Stock	£	+ or −	Div. Gross	Cvr	Y'ld Gr's
51⅝	21¼	Tenneco Inc.	[illegible]				
151	133	Do. 10% Ln. Stk. 91-95.	[illegible]				
14½	750p	Tesoro Pt. US$0.16⅔	[illegible]				
24¼	19⅝	Texaco $6.25	[illegible]				
31⅛	23⅞	Time Inc.	[illegible]				
13⅝	10¼	Transamerica $1	[illegible]				
34	25⅛	Utd. Tech. $US5	[illegible]				
41¼	23	U.S. Steel $1	[illegible]				
19¼	938p	Vetco $0.50	[illegible]				
22	13⅝	Woolworths $3½	[illegible]				
49½	37	Xerox Corp. $1	[illegible]				
13½	630p	Xonics Inc. 10c	[illegible]				
11⅞	810p	Zapata Corp 25c	863				

S.E. List Premium 26⅞% (based on $US1.7418 per £) Conversion factor 0.7876 (0.7960)

CANADIANS

1977 High	low	Stock	£	+ or −	Div. Gross	Cvr	Y'ld Gr's

S.E. List Premium 26⅞% (based on $1.8720 per £)

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

BUILDING INDUSTRY—Cont.

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Cont.

ELECTRICAL AND RADIO

ENGINEERING, MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

هكذا من الأصل

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPBUILDERS, REPAIRERS

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS—Continued

[illegible]

Finance, Land, etc.

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

MINES—Continued

CENTRAL AFRICAN

[illegible]

AUSTRALIAN

[illegible]

TINS

[illegible]

COPPER

198	103	Messina R0.50	130	-8	Q45c	2.8	23.2

MISCELLANEOUS

9½	9	Burma Mines 17½p	9	.....	—	—	—
107	58	Colby Mines SC1	92	.....	—	—	—
400	290	Cons. Murch. 10c	315	+5	†Q140c	1.4	‡
475	290	Northgate C$1	295	.....	—	—	—
247	173	R.T.Z.	232	+11	8.12	q3.1	5.3
70	32	Sabina Inds. C$1	33½	.....	—	—	—
£14¾	£11⅛	Tara Explrn. $1	£11 5/16	.....	—	—	—
55	79	Toady Minerals 10p	45	-2	1.21	ϕ	4.1
160	121	Yukon Cons. C$1	121	.....	Q6½c	3.6	2.0

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- £ Sterling denominated securities which include investment dollar premium.
- • "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ε Price at time of suspension.
- § Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- •• Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ◘ Not comparable.
- ◆ Same interim: reduced final and/or reduced earnings indicated.
- ¶ Forecast dividend: cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ▼ Excluding a final dividend declaration.
- ♦ Regional price.
- ‖ No par value

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1976-77. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1976. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 36

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv 20p	19	..
Ash Spinning	41	..
Bertam	18	..
Bdgwtr. Est. 50p	242xd	+2
Clover Croft	21	..
Craig & Rose £1	379	+10
Dyson (R.A.)	34	....
Ellis & McHdy	63	....
Evans Frk. 10p	26	....
Evered	16	-½
Fife Forge	43	....
Finlay Pkg. 5p	16½	+½
Graig Ship £1	349	....
Higsons Brew	100	+2
I.O.M. Stm. £1	160	....
Holt (Jos) 25p	250	....
N'thn Goldsmith	34	.....
Pearce (C. H.)	103	.....
Peel Mills	12	.....
Sheffield Brick	47	.....
Sheff. Refrshmt.	40	.....
Shiloh Spinn	22	.....
Sindall (Wm.)	70	+2

IRISH

Conv. 9% '80/82	£94½	+½
Alliance Gas	65	.....
Arnott	250	.....
Carroll (P.J.)	95	+3
Clondalkin	75	.....
Concrete Prods.	92	.....
Heiton (Hldgs.)	41	.....
Ins. Corp.	120	.....
Irish Distillers	75	.....
Irish Ropes	137	+2
Jacob	45	.....
Sunbeam	19xd	.....
T.M.G.	92	-1
Unidare	57	.....

OPTIONS

3-month Call rates

Industrials					
A. Brew	6½	House of Fraser	12	Tube Invest.	30
A.P. Cement	18	I.C.I.	25	Unilever	40
B.S.R.	12	"Imps"	7	Utd. Drapery	7½
Babcock	16	I.C.L.	20	Vickers	15
Barclays Bank	25	Inveresk	7	Woolworths	6
Berry Wiggins	5	Ladbroke	11	**Property**	
Beecham	38	Legal & Gen.	12	Brit. Land	5
Boots Drug	15	Lex Service	6	Cap. Counties	3½
Bowaters	16	Lloyds Bank	22	E.P.	5
B.A.T.	21	"Lofs"	5	Intereuropean	5
British Oxygen	6	London Brick	5	Land Secs.	18
Brown (J.)	20	Lonrho	8	MEPC	10
Burton 'A'	6	Lucas Inds.	25	Peachey	6
Cadburys	5	Lyons (J.)	9	Samuel Props.	10
Courtaulds	10	"Mams"	7	Town & City	2
Debenhams	8	Mrks & Spncr	15	**Oils**	
Distillers	13	Midland Bank	25	Brit. Petroleum	60
Dunlop	8½	Nat. West Bank	22	Burmah Oil	8
Eagle Star	11	Do. Warrants	8	Shell	28
E.M.I.	19	P. & O. Dfd.	13	Ultramar	15
Gen. Accident	17	Plessey	7	**Mines**	
Gen. Electric	16	R.H.M.	5	Charter Cons.	12
Glaxo	45	Rank Org. 'A'	18	Charterhall Fin.	3½
Grand Met.	7	Reed Ind.	18	Cons. Gold	12
G.U.S. 'A'	12	Reyrolle	20	Rio T. Zinc	16
Guardian	18	Spillers	4		
G.K.N.	25	Tesco	4		
Hawker Sidd.	60	Thorn 'A'	22		
		Trust Houses	15		

A selection of options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Wednesday September 7 1977

Pressure grows for Lance to resign

BY JUREK MARTIN, U.S. EDITOR WASHINGTON, Sept. 6.

THE PRESSURES on Mr. Bert Lance to resign as director of the Office of Management and Budget in the Carter administration seem to go on increasing.

To-day President Carter somewhat cryptically replied to a question about Mr. Lance's resignation with the words "We'll see about that later," promoting inevitable speculation that Mr. Lance's lease on the Budget Office has not long to run.

Last night two prominent U.S. Senators heading the Congressional investigation into Mr. Lance's complex personal financial affairs emerged from an unscheduled meeting with President Carter to state that, in the light of fresh evidence of "alleged illegalities" found by their committee's staff over the last fortnight, Mr. Lance should step down.

This afternoon, the two Senators, Abraham Ribicoff, the Connecticut Democrat and Charles Percy, the Illinois Republican, had called the Governmental Affairs Committee into special secret session to disclose the new charges against Mr. Lance.

Mr. Ribicoff's call for resignation is considered a grievous blow to Mr. Lance, since he had previously been one of the Budget director's most vigorous supporters.

Mr. Lance is due to testify before the committee on Thursday although this testimony may now be postponed. He insisted to-day that he would "answer any and all the charges that have been levelled at me. I think the American people want me to have my chance to answer the charges and that is exactly what I intend to do—and get back about the business of running the OMB (the Office of Management and Budget)."

Mr. Lance hinted, like Senator Ribicoff last night, that President Carter was still sticking behind his old friend.

But indications of the patent White House concern are now numerous. The President cut short this Labour Day holiday to meet Senators Percy and Ribicoff, and it emerged; despatched Mr. Hamilton Jordan, his closest political confidant, to Mr. Lance's holiday retreat off the coast of Georgia to spend the week-end discussing what should be done.

It was also announced that Mr. Lance had hired none other than Mr. Clark Clifford, the former Secretary of Defence and celebrated Establishment lawyer, to represent him at the committee's hearing later this week. This confirms White House rumours that the President is determined to let Mr. Lance have what is known as "Bert's day in court" on Thursday.

New probe

The precise nature of the new charges against Mr. Lance is not known. However, it seems clear that White House concern was much heightened last Friday when Mr. Blumenthal, the Treasury Secretary, passed on the substance of the findings of the renewed investigation being conducted by the comptroller of the currency.

The comptroller's first report in the middle of last month cleared Mr. Lance of any illegal conduct while running two small-ish banks in Georgia, though it questioned several of his practices.

The new probe is said to have looked hard at Mr. Lance's use, for private and political purposes of aircraft owned by the Calhoun Bank, and at overdraft arrangements enjoyed by Mr. Lance both before and after becoming Budget director with both the Calhoun Bank and the larger National Bank of Georgia.

In addition, it emerged that the Senate Committee interviewed Mr. Billy Lee Campbell, a former officer of the Calhoun Bank, who is currently in prison having pleaded guilty to charges of embezzling about $1m. from the bank between 1970 and 1975.

Senator Ribicoff also said that no affidavit had been taken from Mr. Campbell, and Senator Percy added that the interview had not even been tape recorded.

A possible source for these suggestions, however, lies in a dispute between the Calhoun Bank and its insurance company over the losses the bank incurred from Mr. Campbell's embezzlement.

Mr. Robert Blom, Deputy Controller of the Currency, told another Congressional Committee that if he knew at the start of the year what he knew now about Mr. Lance's financial affairs he would not have provided the favourable report to Congress before Mr. Lance's confirmation hearings.

Mr. Bloom testified that he had been given only a day to prepare a report on Mr. Lance and that they had to be matched against Mr. Lance's reputation as a progressive banker.

Another federal banking official told the committee that the special watch by the Calhoun Bank conducted in 1975-76 on personal overdrafts made to Mr. Lance and his relatives was not improperly terminated because Mr. Carter had won the election and Mr. Lance had never asked him to rescind the surveillance.

Express group plans new code for unions

BY MAX WILKINSON

MR. VICTOR MATTHEWS, the new chairman of Beaverbrook Newspapers, last night told union leaders of the new discipline he intends to impose on his 7,000 employees.

As printing in the Daily Express building in Fleet Street was disrupted for the third day running, the management presented a code of practice which it wants to impose in future.

Mr. Matthews told a meeting of chapel officials (union branch officials) that he was "horrified and confounded" by the practices he had seen in some Fleet Street offices recently and the disputes which had arisen in consequence.

The new code of practice was due to be discussed last night by Mr. Bill Keys, chairman of the TUC Printing Industries Committee, Mr. Reg Birch, an Amalgamated Union of Engineering Workers' executive member, and Mr. Jocelyn Stevens, Beaverbrook's managing director. The contents of the document were not revealed to the union representatives in London.

The Express dispute was started by 261 engineers who have lodged an unofficial 78 per cent. pay claim to bring their wages up to £250 a week. They say they need this to get parity with the top paid printers on piece rates.

The engineers were considered to have dismissed themselves on Saturday after holding a meeting during working hours. After a walk-out, some vital pieces of machinery without which the Daily and Sunday Express and the Evening Standard cannot be printed in London were found to have been removed.

However, the print run for the Daily Express in Manchester was increased on Monday to 2m. copies and all but 1m. were sold. Sales representatives managed to distribute copies to many Southern areas including parts of London.

Hotheads

About 200 warehousemen in London, members of SOGAT, were deemed to have dismissed themselves on Monday for refusing to handle the Manchester copies. Yesterday they were reinstated.

Mr. Matthews has said he is now prepared to reinstate the engineers, with the exception of three chapel officials. But he indicated that he would take the officials back if they gave up their offices. This offer has been rejected by the men.

The engineers' leaders held a meeting yesterday to present their case to the officials of other chapels. They claimed that the removal of machinery parts was the work of a minority of young hotheads. Last night the indications were that the engineers were not getting strong support from most of the other unions.

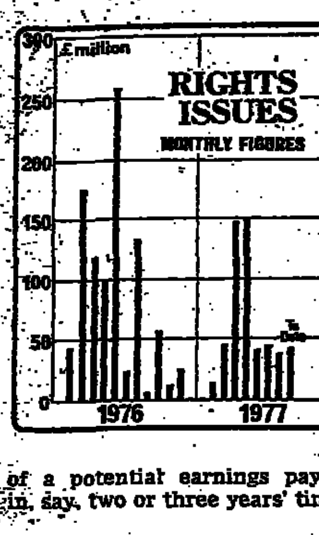
The missing parts cannot be replaced quickly because they have to be individually machined. A job which takes from 12 to 14 hours.

THE LEX COLUMN

BOC taps the bull market

The gilt-edged market was in euphoric mood yesterday, but to-day's banking sector statistics are a shade more expansionary than some of the optimists have been hoping. Eligible liabilities rose 1.6 per cent. in the month to mid-August, which is still compatible with a rise of 1 per cent. or so in sterling M3. But pending next week's full figures there is a question mark over lending by the banking sector as a whole, which could have accelerated given that the clearing banks, despite an increasingly uncompetitive rate structure, achieved an underlying rise in the £100m.-£150m. range.

Index rose 6.3 to 525.8



BOC International

BOC was taking no chances with its £41m. rights issue yesterday. The one-for-four offer at a price of 64p is generous—a 22.4 per cent. discount on Monday night's market level, to make sure of avoiding any repeat of the problems suffered by BOC's June 1975 issue. On that occasion over half the issue was left with the underwriters, who had proved more than a little reluctant in the first place. Yesterday the mechanics of the issue were a lot smoother, and the market background was highly favourable—although there was not much to help the underwriting in a forecast of at least £82m. for the year ending this month. The same could be said about a dividend increase which, at 16 per cent., is only a little less than last month's grudging 10 per cent. from Tubes, in the only other really sizeable rights issue since the spring. By the close the BOC price was down 1½p to 81p.

BOC appears to be coming back to the market because its cash flow is no longer growing fast enough to cope with a much expanded capital spending programme. Last year BOC generated cash, but in 1976-77 cash flow of perhaps £85m. will compare with a £70m. capital spend and an increase of £25m. or so in working capital. Although demand is only easing slightly in most world markets, the adverse impact on profits growth is more pronounced—and is further exaggerated by the firmer trend of sterling. BOC's gearing is not excessive, with gross debt coming to about a third of capital employed, but the long term U.K. corporate bond market remains out of bounds. So shareholders are being asked to stump up ahead of a potential earnings payoff in, say, two or three years' time.

Turner & Newall

Since Turner and Newall sold its CertainTeed stake a year ago, it has been spending hard. In cash, the acquisitions will comfortably exceed £50m. should the Hunt Chemical and Storey Brothers offers succeed—as they look like doing. And capital spending in the U.K. is to double this year to £20m. At the interim stage, there are no trading or balance sheet shocks to undermine the logic of this expansion.

Pre-tax profits are 54 per cent. ahead at £24.3m. on sales up just over a quarter. The non-European companies, static in last year's second half, have climbed back to a 46 per cent. share of trading profits. The mining operations in Canada and Swaziland showed gains, automotive products were strong in India and the building recession in the developed world has contrasted with buoyant sales for construction materials in markets like Nigeria, Zambia and India. In Canada the construction materials side is still depressed, but the U.K. operations—while creeping along in the home market—have made export gains of up to 70 per cent., notably to countries like Nigeria where Turner's subsidiary cannot make pipes fast enough to meet demand.

With about £10m. of acquisition spending completed, the group's cash holdings were £41m. down on the year end at £43.5m., and net working capital had improved a further £16m. For the major Hunt Chemical acquisition, Turner and Newall still has $80m. left and $15m. through the parent Eurodollar market through its U.S. With net debt of £35m. shareholders' funds, including deferred tax, there is no strain in the programme. The group's asbestos-based below 50 per cent. of

BICC

BICC should join the band of U.K. companies annual sales of over a year but yesterday's cent. growth in interim profits to £23.8m. just how unsatisfactory profitability remains.

Sales were up by a the first six months but ing profits as a percentage turnover slipped from cent. to 5.6 per cent. pite having the benefit year's £20m. higher finance charges fell by £0.1m. between the first Against this sort of background the unchanged interim is not so surprising: share price, which had 15 per cent. in the prior to the results, 10p to 127p last night, yield of 7.9 per cent. with 5 per cent. on the share index.

Apart from a further covery at Balfour Beatty one bright spot in the was the export performance where volume was up by quarter. However, important international saw lower profits in South Africa and and for the year as a whole tax profits of only look likely.

Peachey

Allied London's long bidding for Peachey have much to do with wrangles about net assets and how to value property folios. It has not valued assets since 1964. Peachey defence must less rest on trying to establish a credible valuation of usually diverse collection residential and commercial interests. Gross assets were shown at £43.4m. and the Sir Eric Miller Board insisted that assets per exceed £1. Allied London's £11.8m. bid at 55p a share be reckoned as no more sighting shot.

Bonn crisis squad studies kidnapping demand

BY ADRIAN DICKS BONN, Sept. 6.

CHANCELLOR Helmut Schmidt of West Germany to-night called a full meeting of his Cabinet, followed by a meeting of the Bonn "Crisis Staff" comprising senior Ministers, Opposition leaders and top officials to consider a demand received by the police earlier to-day apparently setting terms for the release of Dr. Hans Martin Schleyer.

Dr. Schleyer, the 62-year-old president of the West German employers' and industrial federations, was kidnapped yesterday in Cologne by terrorists who shot and killed his driver and three police bodyguards.

Details of the kidnapper's terms, which were set out in a letter, were not made public immediately, but West German television reported that they called for the release (reportedly by Wednesday afternoon) of at least 14 imprisoned terrorists in exchange for Dr. Schleyer's life.

It is also unclear what proof, if any, the letter-writers have given that Dr. Schleyer is still alive.

Earlier to-day, Cologne police arrested two people in connection with the case, but declined to identify them or say what role they may have played.

News of the demand was given shortly after 8 p.m. to-night when the Federal Criminal Bureau, which is in charge of the nationwide hunt for Dr. Schleyer and his abductors, released a short message to the Press.

It said that the kidnappers' letter had been received in the late afternoon but would not be placed before the Government until late to-night. Addressed to the kidnappers directly, the statement said that publication of the demand as requested could not be made until the Government had had time to consider the terms.

Earlier to-day, Herr Schmidt warned a meeting of his Social Democratic Party colleagues that very weighty decisions might have to be taken during the course of the night. He was understood to be referring to earlier comments by the Government spokesman, Herr Klaus Boelling, suggesting that the Schleyer case had much in common with the kidnapping 2½ years ago of Herr Peter Lorenz, the West Berlin Christian Democratic leader.

Herr Lorenz was released at the end of a week of tense negotiations and after five terrorists had been flown by the West German Government to South Yemen.

There was still no clue late to-night to the identity of the two people detained earlier to-day, but Herr Kurt Rebmann, chief federal prosecutor, said he believed the attack on Dr. Schleyer was the work of a terrorist group associated with the former Baader-Meinhof defence lawyer, Herr Siegfried Haag. Herr Haag has been in custody since November.

On the basis of ballistics evidence, the police are reported as believing that the Cologne attack was carried out by the same gang which murdered Herr Juergen Ponto, the chairman of the Dresdner Bank, in his home near Frankfurt on July 30.

Earlier to-day police in Cologne found the attackers' Volkswagen minibus—in which a letter was found apparently containing no specific demands—and a nearby apartment thought to have been their headquarters.

Ford makes Wales wait until Friday

BY STUART ALEXANDER

FORD IS expected to announce the site of its new European engine plant on Friday. Final recommendations have been sent to the U.S. for consideration at a main Board meeting at the group's headquarters at Dearborn, Michigan, to-morrow.

The announcement is to be co-ordinated to take place at the same time in the U.S. and in several European countries which have been bidding for the plant.

Favourite to win is a site in the South Wales industrial belt on a line between Bridgend and Pontypridd, where there is space for both an initial engine plant and further expansion to be phased in later.

The plant would employ about 2,000, cost up to £200m. and come on stream in late 1980 or early 1981. By choosing South Wales it would attract a 22 per cent. special development area grant from the Government, counter-balance planned redundancies in the steel industry, and be able to rely on the British Steel Corporation for supplies of raw material.

The engines would be used to meet Ford's calculated production increase to 1.7m. vehicles a year in Europe in the early 1980s from 1.5m. by 1980. They would be mainly for family saloons.

Although no confirmation of the South Wales site was available yesterday—there has been a complete clampdown within the Ford company with documents available only to a restricted number of people in "secure areas"—there is considerable excitement in South Wales.

The main rival was West Germany with West Berlin even asking President Carter to further its cause. But it is thought that Ford still favours the U.K. and there have been constant consultations between the company and the British Government at the highest level.

It is partly because of these political considerations—other governments and Ford plants have also been involved—that Ford is so keen to keep the site a secret until the last minute.

The area now thought to be the most likely choice has already attracted the new Royal Mint and the Government would be keen to see further development there.

Post Office unions in row over seats on Board

BY CHRISTIAN TYLER, LABOUR EDITOR

MR. LEN MURRAY, the TUC general secretary, has been asked to help settle an argument about the distribution of union seats on the Board of the Post Office. The row threatens to damage the chances of a politically important experiment in industrial democracy.

The request has come from one of the Post Office unions—while the big TUC unions are publicly burying their differences about the appropriateness of worker-directors at this week's Congress.

Industrial democracy is due to be debated to-day, and it is being suggested that if the disagreement inside the Post Office—chosen as a comparatively easy pilot-plan for the idea—surfaces in debate it will injure the broad unity.

One main argument advanced by supporters of the majority Bullock Report is that it would lead to the creation of joint representation committees of unions in companies and state industries. That, in turn, would rationalise Britain's jumbled trade union structure and improve industrial relations generally.

Immediately after Congress, the Council of Post Office Unions is due to meet to agree the distribution of seven union seats.

The request for help from Mr. Murray has come from the Society of Civil and Public Servants, which is demanding a seat on its own and refusing to take its chances in a constituency of the smaller post office unions.

The big Union of Post Office Workers and Post Office Engineering Union are claiming two seats each, and the Civil and Public Services Association, the next largest, one seat. That would leave only two seats to the five small unions, including the society, to share.

The debate itself will probably set the seal on the new found unity of four big trade unions who have agreed on a composite resolution.

The compromise resolution, to be moved by the General and Municipal Workers, says that legislation confined to worker-directors is not the only way forward and that collective bargaining can be extended to increase trade union influence. Worker representation on policy boards should not interfere with existing collective bargaining. The Government should provide for full disclosure of information.

Weather

U.K. TO-DAY

DRY AND sunny, but rain in some areas.

London, E. Anglia, Midlands, E. England, S. Wales, Cent. N. England, N.E. England, Borders, Edinburgh, Dundee, Aberdeen

Mostly dry, sunny spells. Max. 17C to 19C (63F to 66F).

S.E. England, Cent. S. England, Channel Is., S.W. England

Cloudy, perhaps rain at first, becoming dry with sunny spells. Max. 19C (66F).

N. Wales, N.W. England, Lakes, I. of Man, S.W. Scotland, Glasgow, Cent. Highlands, Moray Firth, N.E. Scotland, Argyll, N.W. Scotland, N. Ireland

Sunny intervals, scattered showers, locally heavy. Max. 15C to 17C (59F to 63F).

Orkney, Shetland

Sunny intervals, scattered showers. Max. 14C (57F).

Outlook: Northern areas changeable and cool; Southern areas dry with sunshine.

BUSINESS CENTRES

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Alexandria	F	30	86	Luxemb'g	S	20	68
Amstdm.	C	19	66	Madrid	S	30	86
Athens	S	28	83	Manchestr.	C	19	66
Bahrain	S	38	100	Melbourne	C	10	50
Barcelona	S	26	79	Milan	S	26	79
Beirut	F	28	82	Montreal	S	17	63
Belfast	R	14	57	Moscow	F	25	77
Belgrade	S	27	81	Munich	F	20	68
Berlin	S	22	72	Newcastle	F	21	70
Brmghm.	C	20	66	New York	C	25	77
Bristol	R	19	66	Oslo	F	16	61
Brussels	F	21	70	Paris	S	23	77
Budapest	S	27	81	Perth	S	19	66
B. Aires	C	17	63	Prague	F	24	75
Cairo	S	31	89	Reykjavik	F	7	45
Cardiff	C	19	66	Rio de J'o	C	26	80
Cologne	F	22	72	Rome	S	29	84
Copnhagn.	F	19	66	Singapore	R	24	75
Dublin	R	19	66	Stockholm	F	17	63
Edinburgh	F	18	64	Strasbourg	S	22	72
Frankfurt	S	22	72	Sydney	C	15	59
Geneva	S	21	70	Tel Aviv	S	29	84
Glasgow	S	15	59	Tokyo	S	30	86
Helsinki	F	17	63	Toronto	S	17	63
H. Kong	C	26	50	Vienna	S	25	77
Jo'burg	S	21	70	Warsaw	F	21	70
Lisbon	S	28	82	Zurich	C	17	63
London	C	19	66				

HOLIDAY RESORTS

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Ajaccio	S	25	77	Jersey	C	19	66
Algiers	F	27	81	Las Plms.	C	24	75
Biarritz	S	22	72	Locarno	S	25	77
Blackpool	C	19	66	Luxor	S	38	100
Bordeaux	S	25	77	Majorca	S	27	81
Boulogne	C	17	63	Malaga	S	27	81
Casablnca.	S	23	73	Malta	F	26	79
Cape Town	C	18	64	Nairobi	S	21	70
Corfu	S	29	84	Naples	S	28	82
Dubrovnik	F	29	84	Nice	S	27	81
Faro	S	30	86	Oporto	S	26	79
Florence	S	28	82	Rhodes	S	28	82
Funchal	F	24	75	Salzburg	S	24	73
Gibraltar	S	24	75	Tangier	S	29	84
Guernsey	C	16	61	Tenerife	C	18	64
Innsbruck	S	24	75	Tunis	F	25	79
Inverness	C	11	52	Valencia	S	26	79
I. of Man	C	18	64	Venice	S	27	81
Istanbul	S	25	77				

C—Cloudy. R—Rain. S—Sunny. F—Fair.

Chrysler to go ahead with Sunbeam launch

BY OUR GLASGOW CORRESPONDENT

CHRYSLER U.K. has negotiated alternative supplies of electrical components in an effort to ensure the successful launch of its Sunbeam car, despite the continuing Lucas strike in Birmingham.

Mr. George Lacy, managing director, said yesterday that while Sunbeams were coming off the production line at the Linwood plant without headlamps and other electrical units, they would be fitted as soon as the new stocks arrived, and the car despatched to dealers for its October 18 public launch.

"There is no danger at this point in time that the production line will have to stop," he added.

Mr. Lacy, speaking during the visit to Linwood by Mr. Bruce Millan, the Scottish Secretary of State, disclosed that Chrysler was to take on another 500 people at the Scottish works, which employs 8,000, by the end of this year.

It means the plant would be manned up to a weekly production rate of 2,880 cars, of which just over 1,000 would be Sunbeams. Output is presently only 25 cars an hour, compared with the target of 42.

But Mr. Lacy said they were confident of meeting the schedule for 5,500 cars to be in the showrooms on launch day.

After his tour, Mr Millan said the developments at Linwood had "absolutely vindicated" the Government's rescue of Chrysler. He was satisfied with the Sunbeam and hoped it would help to increase British share of the car market locally and in Europe.

The Linwood shop stewards, who, like most of Chrysler's U.K. employees, have been attempting to circumvent a Phase Two pay deal in favour of a much larger rise, have their final meeting with management under the negotiating procedure to-day.

Mass meetings of the Linwood employees are likely to be held next week to decide whether to accept the company's offer of a Phase Two rise from July 1, together with a productivity deal dating from August 1.

Continued from Page 1

Callaghan

with TUC leaders and overseas trade union visitors before returning to London.

Early in the day the 80 delegates of the transport workers decided to exact retribution from some of the unions who on Monday had voted for its suspension from the TUC. In the ballot for the incoming General Council, the union withdrew its support from Mr. Joe Gormley, the miners' leader, and Mr. Clive Jenkins, of the Association of Salaried, Technical and Managerial Staffs. Its abstention did not cause any union leaders to lose their seats, however.

Among those elected to the council for the first time were Mr. Moss Evans, the next general secretary of the transport workers, and Mr. Ken Thomas of the Civil and Public Services Association, which has been trying to get a representative on the council for years.

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